

# Report on the Plan Amendment

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## Bayview Hunters Point Redevelopment Project

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# I. Introduction

## A. Overview of the Report on the Plan Amendment

### 1. Purpose

The San Francisco Redevelopment Agency (Agency) is preparing an Amendment to the Hunters Point Redevelopment Plan (Plan Amendment) for consideration by the San Francisco Board of Supervisors (Board of Supervisors). If the Plan Amendment is adopted, a 1,361-acre area in the Bayview (Project Area B) will be designated as a redevelopment area. Project Area B, together with the 137-acre Hunters Point Redevelopment Project Area (Project Area A) will become the Bayview Hunters Point Redevelopment Project Area (Project Area). This document serves as the Report on the Plan Amendment. It is required by Section 33352 of the California Community Redevelopment Law (CRL). The Report on the Plan Amendment is an integral step in the process leading to consideration of the Plan Amendment for the Bayview Hunters Point Redevelopment Project. It is a public document designed to provide comprehensive background information on the Plan Amendment and related Redevelopment Program to the members of the San Francisco Board of Supervisors, San Francisco Redevelopment Agency (Agency), Planning Commission, other governmental bodies, affected taxing entities, and other interested parties.<sup>1</sup> The Report on the Plan Amendment is of value to all participants in the Plan Amendment process, as a statement of program needs, goals, activities and costs.

The Report on the Plan Amendment describes the following:

- Reasons for amending the Redevelopment Plan and selecting Project Area B,
- Urbanization of Project Area B,
- Remaining adverse conditions in Project Area A,
- Blighting conditions in Project Area B,
- Redevelopment Program designed to alleviate adverse conditions and revitalize (Project Area B),
- Preliminary assessment of financing methods and economic feasibility of the Plan Amendment,
- Reasons why redevelopment is necessary, and
- Documentation on the Agency's adherence to the legal requirements for the Plan Amendment.

If adopted, the Plan Amendment will enable the Agency to alleviate blight and revitalize Project Area B. The Plan Amendment will also enable the Agency to continue to expand its affordable housing program.

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<sup>1</sup> An affected taxing entity is any governmental taxing entity (sometimes referred to as a taxing agency) that levies property taxes or assessments on all or a portion of property located within a Project Area in the fiscal year prior to the adoption of the Redevelopment Plan (or Plan Amendment). In Fiscal Year 2004/05, five tax entities levied taxes within Project Area B: the City of San Francisco, San Francisco Unified School District, San Francisco Community College District, BART District, and the Bay Area Quality Management District.

## 2. Report Organization

This Report is divided into sections that generally correspond to the CRL provisions that specify the required contents of the Report on the Plan Amendment.

Chapter I presents a general overview and background for the Plan Amendment. It describes the following:

- Redevelopment Project,
- How the Plan Amendment conforms with the City's General Plan,
- How the Plan Amendment will attain the purposes of the CRL,
- CRL requirements and process for the Report on the Plan Amendment, and overview of the Plan Amendment process, and
- Public agency actions to date and as anticipated.

Chapter II describes the reasons for amending the Redevelopment Plan and selecting Project Area B.

Chapter III describes the extent of urbanization in Project Area B and how it meets the urbanization requirements of the CRL.

Chapter IV documents the extent of physical blighting conditions in Project Area B. It also describes conditions in Project Area A at the time of the original Plan Adoption, the Agency's redevelopment efforts to date in Project Area A, the portions of Project Area A that are no longer blighted, and an evaluation of remaining adverse conditions.<sup>2</sup> Finally, it describes portions of Project Area B to be included for purposes of effective redevelopment.

Chapter V documents the extent of economic blighting conditions in Project Area B.

Chapter VI presents the Redevelopment Program for Project Area B.

Chapter VII details the resources available to the Agency to accomplish the Redevelopment Program, describes tax increment financing in detail, projects the potential tax increment revenues to be generated through the Plan Amendment, and demonstrates the financial feasibility of the Plan Amendment.

Chapter VIII discusses the Implementation Plan requirement, and refers to the Implementation Plan, which is included in Appendix G. The Implementation Plan outlines statutory requirements for non-housing as well as affordable housing activities. It sets forth the Agency's goals, objectives, programs and expenditures for the Agency's five year Implementation Plan period, including program priorities and expenditure estimates over the five year period.

Chapter IX describes the requirement for a plan for relocation of persons or businesses that may be displaced due to redevelopment activities.

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<sup>2</sup> Under the CRL, the term "blight" means adverse physical and economic conditions are present to a degree sufficient to justify the use of redevelopment as a revitalization tool. Under the CRL, a finding of blight must be made by the local legislative body before a redevelopment plan (or Plan Amendment) can be approved. The finding must be supported by evidence of both adverse physical and economic conditions. In Project Area B, if redevelopment is to be used for revitalization, such a finding must be made by the Board of Supervisors.

Chapter X provides an analysis of the Preliminary Plan.

Chapter XI discusses the requirement for the Planning Commission report and recommendations.

Chapter XII summarizes public review of the Plan Amendment.

Chapter XIII contains, by reference, the Environmental Impact Report (EIR) that has been prepared in accordance with the California Environmental Quality Act (CEQA) for the Plan Amendment.

Chapter XIV includes the analysis of Report of the County Fiscal Officer.

Chapter XV includes a summary of the consultations with affected taxing agencies.

Chapter XVI contains the Neighborhood Impact Report.

Chapter XVII provides information that demonstrates why redevelopment is necessary to eliminate blight and accomplish the goals and objectives of the Redevelopment Program.

Chapter XVIII includes the supplementary report, required by CRL Section 33328.5, which analyzes the effect of the use of a different equalized assessment roll than the roll originally planned to be used.

The Appendices include photographic documentation of blight, the Implementation Plan and supporting documentation and background information.

For clarity throughout the document, the following terminology shall be used to define the various distinct but overlapping geographic areas referred to in this Report:

- **Bayview Hunters Point** or **Bayview** is the broad community planning area also known as South Bayshore.
- **Survey Area** describes the redevelopment survey area and includes most of the Bayview Hunters Point, excluding the existing redevelopment project areas.
- **Project Area** is the legal term referring to the area within which redevelopment activities will be undertaken. It refers to Project Area A and Project Area B together.
- **Project Area A** refers specifically to the existing Hunters Point Redevelopment Project Area.
- **Project Area B** is the portion of the Survey Area that the Agency proposes to include in the Project Area.

## **B. Description of the Bayview Hunters Point Redevelopment Project**

### **1. Location**

The Project Area is located in the southeast portion of San Francisco in the Bayview Hunters Point community.<sup>3</sup> Figures I-1, I-2 and I-3 show the location of Project Area and delineate the boundaries for Project Area A and Project Area B. Project Area A covers most of Hunters Point Hill, which is the ridge south of India Basin and the Hunters Point shoreline, and east of Hunters Point Shipyard. The Project Area is roughly bounded by Cesar Chavez Street, Highway 101, the San Francisco Bay, and the Hunters Point Shipyard Redevelopment Area. It excludes the India Basin Industrial Park Redevelopment Project Area and the Bayview Industrial Triangle Redevelopment Project Area. It also does not include many residential areas such as Bayview Hill, Executive Park and most of Silver Terrace.

### **2. Proposed Project Area Description**

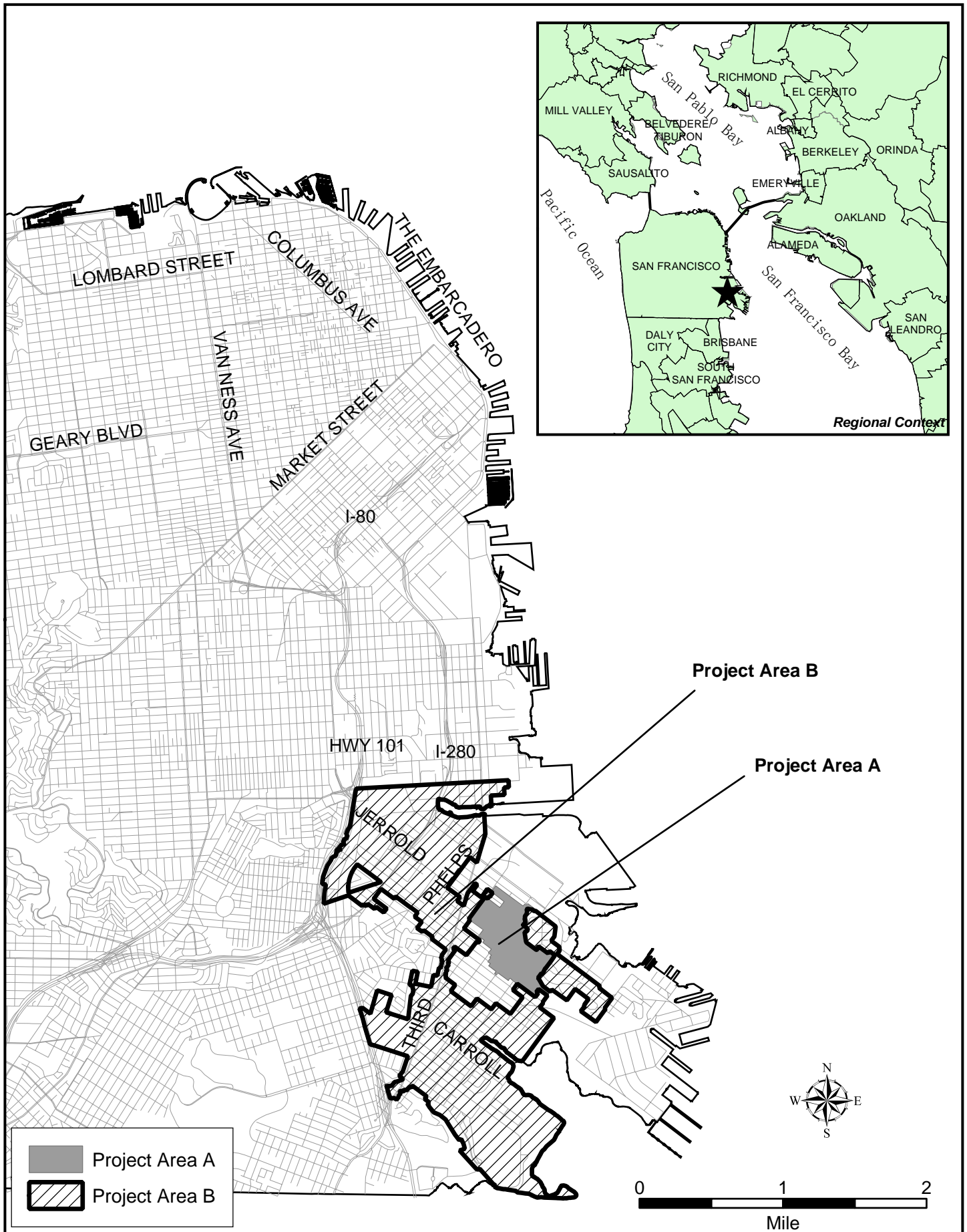
#### **a. Project Area A**

Project Area A, consisting of 137 acres of predominantly urbanized area within San Francisco, contains the residential neighborhood located on Hunters Point Hill, which includes several Agency-sponsored residential developments. It is characterized by suburban street layouts, single and multifamily affordable and market rate housing for renters and owners, community facilities, parks, schools and infrastructure. These residential developments and related improvements were built to replace blighted temporary wartime housing and other structures. Project Area A boundaries are shown in Figure I-2. The original Project Area was adopted by the Board of Supervisors by Ordinance No. 25-69 on January 20, 1969 and amended in 1970 to add 3 acres, which created the 137-acre Project Area A. Since its adoption, the Agency has been implementing the Redevelopment Plan to alleviate blight in Project Area A. Table I-1 summarizes the characteristics of Project Area A and its Redevelopment Plan.

Chapters II through IV present a detailed description of the reasons for establishing Project Area A, the conditions at the time of the Redevelopment Plan adoption and conditions present today.

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<sup>3</sup> The Bayview Hunters Point area has also been known as South Bayshore. Many residents simply call the community the Bayview.

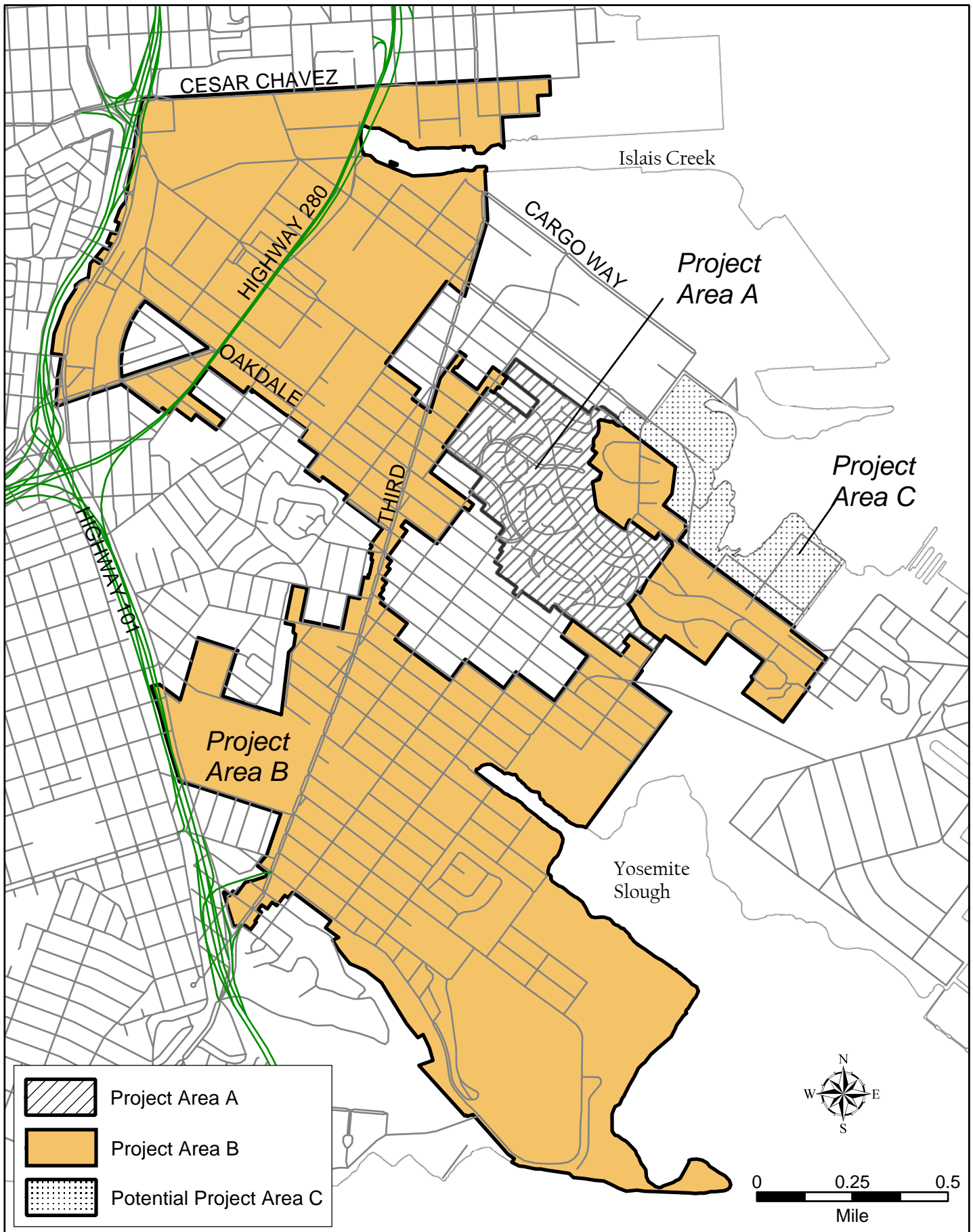


**SI** **FIGURE I - 1**  
**RA** **Project Area Location Map**



**SI**  
**RA** **FIGURE I - 2**  
**Project Area A**

**Hunters Point Redevelopment Project**  
Source: San Francisco Redevelopment Agency



**SFR** **FIGURE I - 3**  
**IRA** **Project Area B Boundary Map**

**Table I-1**  
**Summary Description of Project Area A**  
**Hunters Point Redevelopment Plan Amendment**

<b>Background Information</b>	
Acres	137 <sup>a</sup>
Date of Adoption	1/20/1969
Ordinance No.	25-69
Base Assessed Value (FY 1968/69)	\$2,847,000
<b>Time Limits</b>	
Eminent Domain	Expired 12/1/1998
Incurring Debt	Expired
Incurring Debt for Housing Activities	1/1/2014 <sup>b</sup>
Plan Effectiveness (Project Activities)	1/1/2009
Tax Increment Collection/Repayment of Project Area Debt	1/1/2019
Tax Increment Collection/Repayment of Debt for Citywide Housing	1/1/2044 <sup>b</sup>
<b>Financial Limits</b>	
Tax Increment Cap	\$15,100,000
Bond Limit	None

a. Project Area A, as amended in 1970. (Originally Project Area was 134 acres.)

b. Pursuant to California Senate Bill 2113 ("SB 2113"), the Board of Supervisors extended the Redevelopment Plan time limits for the Project Area A for incurring tax increment debt to 2014 and for receiving tax increment to repay that debt to 2044, solely for the purpose of funding low and moderate income housing.

Source: San Francisco Redevelopment Agency.



## **b. Project Area B**

The Plan Amendment would add approximately 1,361 acres to the Project Area creating the 1,498 acre Project Area. Project Area B consists of residential, commercial, industrial, and public land and facilities uses in Bayview Hunters Point. Portions of the South Basin, Bret Harte/Double Rock and Town Center areas are included. The Third Street commercial corridor runs through the center of Project Area B. The northern part of Project Area B consists mainly of industrial properties east of Bayshore Boulevard, south of Cesar Chavez, and west of the Port of San Francisco property along Islais Creek. The southeastern portion of Project Area B includes Candlestick Stadium and the Candlestick Point State Recreation Area. Project Area B boundaries are shown in Figure I-3. Appendix B includes the Plan Amendment, which contains the Project Area B boundary description and map.

Project Area B reflects the Agency's recommended modification to Project Area B boundary that would exclude the parcels in the Hunters Point Shoreline activity node that are contained within the proposed India Basin Special Use District. For all of Project Area B, specific land use controls will be achieved through the eastern neighborhood planning process for rezoning. However, due to the unique planning challenges and opportunities in the Hunters Point Shoreline area, both the Planning Department's Rezoning Workbook and the Agency's review indicate the need for additional planning along this shoreline area. The rezoning analysis and planning process distinguish the India Basin Special Use District from the rest of Project Area B. Therefore, consistent with the Concept Plan, the Agency has recommended a modification to Project Area B boundary to exclude the India Basin Special Use District from Project Area B, pending completion of additional planning work and rezoning analysis, which the Planning Department and the Agency will undertake with community input in 2006. In the near future, the Agency intends to consider this area (termed Project Area C) for designation as a redevelopment area. These parcels are north of Innes Avenue and include the PG&E plant, properties with industrial and commercial activities, and vacant land. Refer to Figure I-3 for this area.

Project Area B suffers from inadequate transportation access and circulation, lack of economic development, underutilized retail and commercial corridors, environmental impediments, problem businesses, overcrowding and a high crime rate. While Project Area B consists of portions of several stable residential neighborhoods, their stability is threatened by a lack of affordable housing, a lack of variety in housing types serving the needs of all groups and families, and a lack of housing maintenance programs to help aging and at-risk homeowners. The long industrial history and concentration of polluting facilities in the area have resulted in a variety of environmental problems, including contaminated sites, illegal dumping and conflicts among land uses.<sup>4</sup> Chapters II through V present a detailed description of the reason for establishing Project Area B as a redevelopment area and documentation of the blighting conditions existing in Project Area B.

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<sup>4</sup> Bayview Hunters Point Project Area Committee, Bayview Hunters Point Community Revitalization Concept Plan Executive Summary, March 2002, p.5.

### **3. Summary of Redevelopment Program**

The Redevelopment Program is focused on alleviating adverse conditions and revitalizing Project Area B through economic development activities, community enhancement projects and affordable housing activities. The framework for the Redevelopment Program is the Concept Plan, issued by the Agency and the PAC on November 13, 2000. The PAC, elected in 1997 to represent the community interests pursuant to the CRL, has provided advice, recommendations and direction to the Agency on the proposed Plan Amendment through a comprehensive public process.

The Agency will undertake a variety of projects and activities to alleviate blighting conditions in Project Area B. The scope and policies of the Redevelopment Program have been developed in conjunction with the PAC, and the Redevelopment Program will help achieve many of the community goals written in the Concept Plan.

The Agency will achieve the objectives of the Plan Amendment through the implementation of two broad program components: the Non-Housing Program, which includes the economic development and community enhancement projects and activities and the Affordable Housing Program. Refer to Chapter VI of this Report for the specific objectives of the Plan Amendment. Tax increment will fund economic development and community enhancements such as façade improvement programs, community signage, streetscape improvements, catalyst development sites, and community facilities, as well as affordable housing development. Chapter VI describes the Redevelopment Program in detail. Due to the size and the diversity of Project Area B, these programs will be coordinated within seven sub-areas described as activity nodes.

#### **Economic Development Activity Nodes**

The Plan Amendment will focus public investment in seven activity nodes in order to maximize the impact of redevelopment for the community as a whole. Figure I-4 delineates the seven activity nodes:

- Northern Gateway
- Oakinba
- Town Center
- Health Center
- Hunters Point Shoreline
- South Basin
- Candlestick Point

The Plan Amendment presents an opportunity to catalyze mixed-use, transit-oriented development along Third Street. It will capitalize on the San Francisco Municipal Railway (Muni) Third Street Light Rail Project under construction in the Project Area. The light rail project represents a major revitalization opportunity for Bayview Hunters Point. The initial phase will provide Muni light rail services along Third Street from the Caltrain Station at Fourth and Townsend to Bayshore Boulevard in Visitacion Valley. This Redevelopment Program will improve the area's infrastructure, increase access to citywide opportunities for Bayview residents, and help retain and encourage investment along Third Street.

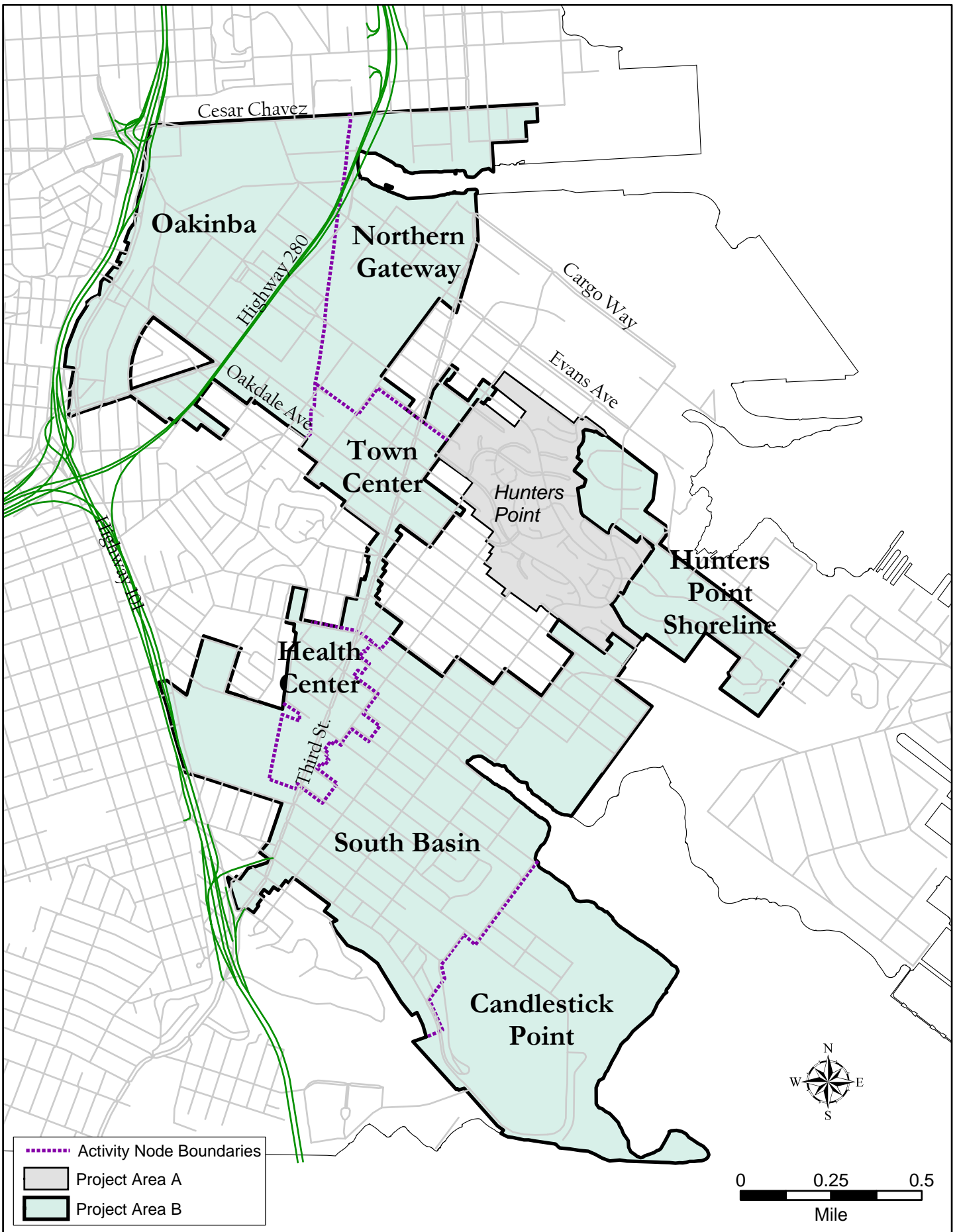
The Plan Amendment will strengthen existing businesses as well as expand and restore civic buildings to create a community and citywide retail and cultural destination. The creation of a vital Town Center activity node along Third Street is one of the cornerstones of the Redevelopment Program. The community-envisioned uses include neighborhood-serving businesses; commercial retail and support services focusing on restaurants, boutique shops, arts, culture, entertainment, and community service; and housing and amenities serving senior citizens and other Bayview residents. In the Health Center activity node, the Redevelopment Program will assist the development of senior housing, amenities serving an aging population, and commercial activities focused on medical and supportive services.

The Plan Amendment will stimulate industrial development and revitalization in portions of the Northern Gateway and South Basin activity nodes (excluding properties adjacent to Third Street). Large-scale commercial space is envisioned for the Oakinba and Candlestick Point activity nodes.

The Candlestick Point activity node encompasses Candlestick Park, where a new San Francisco 49ers football stadium and mall have been proposed. In June 1997, San Francisco voters approved Propositions D and F, which authorized public bond financing for Candlestick Stadium and related infrastructure and facilities, approved the development of the stadium and mall project, and made the necessary General Planning Code and Zoning Map amendments. If the stadium and mall project moves forward, the Redevelopment Program will provide bond financing for the mall and stadium development authorized by the electorate.

The Hunters Point Shoreline Activity node emphasizes infill housing development south of Innes Avenue.

Refer to Chapter II, Section A.4.e for further information on activity nodes.



**SI** **FIGURE I - 4**  
**IRA** **Activity Nodes**

**Hunters Point Redevelopment Project**  
 Source: San Francisco Redevelopment Agency

## **Community Enhancements Program**

Subject to availability of funds, the Redevelopment Program includes potential community enhancements such as public plazas, urban gateways, public art, streetscape improvements, and landscaping of public areas. The Bayview Hunters Point community envisions the creation of a network of public open spaces and recreational areas, to restore ecological health and reclaim the community's connection to its waterfront heritage.

## **Housing Component**

The Plan Amendment includes a Housing Program for the Agency's affordable housing efforts, which the Agency will coordinate with the Mayor's Office of Housing and the San Francisco Housing Authority (SFHA). The Housing Program incorporates relevant policies from the Bayview Hunters Point Framework Housing Program that described an array of affordable housing programs and policies supported by PAC members. Refer to Appendix G for the Implementation Plan, which includes the objectives of the Framework Housing Program. Project Area B contains four affordable housing developments owned by the SFHA. The SFHA will retain sole jurisdiction of, and responsibility for, these properties.

The Plan Amendment provides that no more than 3,700 new housing units be built in Project Area B over the life of the Plan Amendment, and at least 25 percent of all units developed must be affordable. Given the 25 percent minimum inclusionary requirement, if 3,700 units were to be developed, at least 925 units would be affordable to very low-, low- and moderate-income households.

## **Redevelopment Project Funding**

The primary funding source for most redevelopment projects is tax increment revenue generated by increased property values in a project area. Tax increment revenues will be used to provide resources for the Redevelopment Program, leverage private and other available public funds to undertake improvement projects, and stimulate private investment in Project Area B. Preliminary analysis indicates Project Area B could generate substantial tax increment revenues over the 45 year tax increment collection period. This Report provides initial projections of potential tax increment in Chapter VII and Appendix F.

## **Affordable Housing and Housing Set-Aside Funds**

The CRL requires 20 percent of all tax increment revenue collected by a redevelopment agency to be used for increasing and/or improving a community's supply of affordable housing. Under the Plan Amendment, the Agency is required to use 50 percent of the tax increment revenue available for the Redevelopment Program for affordable housing over the term of the Plan Amendment.<sup>5</sup> The 20 percent housing set-aside and the additional funds will be a significant source of funding available for affordable housing development. The Agency will focus these funds on affordable housing development in Project Area B.

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<sup>5</sup> Tax increment revenue available for the Agency's Redevelopment Program includes the CRL-required 20 percent housing set-aside and is net of pass-through payments to affected taxing entities and Agency administration costs.

#### **4. Redevelopment Plan Amendment**

The Agency has prepared the Plan Amendment to be considered by the City and County of San Francisco Redevelopment Agency Commission (Redevelopment Commission) and the Board of Supervisors. The Board of Supervisors is anticipated to consider the Plan Amendment in the spring of 2006. The purpose of the Plan Amendment will be to establish a Redevelopment Program designed to alleviate blighting conditions and foster housing and economic development.

The Plan Amendment is the culmination of 10 years of community planning in conjunction with the Bayview Hunters Point community, including the Bayview Hunters Point Project Area Committee or (PAC), an advisory body to the Redevelopment Agency made up of community residents, property owners, businesses and community organizations. The Plan Amendment can be summarized as an incremental 30-year urban revitalization program that would authorize the Agency to participate in and/or assist with certain projects and activities to correct or alleviate documented physical and economic blighting conditions in Project Area B that, taken together, aim to create a more vibrant Bayview community over time.

##### **a. Purpose of Plan Amendment**

If approved by the Redevelopment Commission and adopted by the Board of Supervisors, the Plan Amendment will:

- Eliminate the existence and prevent recurrence of the physical and economic blighting conditions documented in this Report,
- Achieve redevelopment goals and objectives for revitalization, and
- Assist in furthering the goals and objectives of the City's General Plan.

Chapter VI presents the specific goals and objectives of the Plan Amendment.

##### **b. Plan Amendment Time and Financial Limits**

The Plan Amendment will not change the time and financial limits in Project Area A. It will establish separate time and financial limits for Project Area B. Pursuant to the CRL, the time limits for Project Area B will be as follows: twenty years after the effective date of the ordinance adopting the Plan Amendment for issuance of debt; thirty years for redevelopment activities; and forty-five years for receipt of tax increment. The Plan Amendment will permit limited eminent domain power in Project Area B for twelve years from the date of the ordinance adoption by the Board of Supervisors. The power of eminent domain will not be authorized on residentially zoned property in Project Area B. Residentially zoned means property within "R" land use districts as defined in the Planning Code of the City and County of San Francisco.

The Plan Amendment includes many limitations and restrictions on eminent domain. (Refer to Chapter IX for a listing of these limitations and restrictions.) The Plan Amendment will not reauthorize eminent domain in Project Area A. The Plan Amendment will allow the Agency to have outstanding at any one time a maximum of \$400 million in indebtedness secured by tax increment generated in Project Area B.

Table I-2 provides a summary of the financial and time limits for Project Area A, and shows the proposed time and financial limits for Project Area B under the Plan Amendment.

**Table I-2  
Summary Description of Project Area A and Project Area B  
Hunters Point Redevelopment Plan Amendment**

	Project Area A		Project Area B
	Current	Proposed	
<b>Background Information</b>			
Acres	137		1,361
Date of Adoption	1/20/1969		Spring 2006 <sup>a</sup>
Ordinance No.	25-69		TBD - 06
Based Assessed Value	\$2,847,000 (FY 1968/69)		\$1,165,228,645 (FY 2005/06)
<b>Time Limits</b>			
Eminent Domain	Expired 12/1/98	No change	Spring 2018 <sup>a</sup>
Incurring Debt	Expired	No change	Spring 2026 <sup>a</sup>
Incurring Debt for Housing Activities	1/1/2014 <sup>b</sup>	No change	N/A
Plan Effectiveness (Project Activities)	1/1/2009	No change	Spring 2036 <sup>a</sup>
Tax Increment Collection/Repayment of Project Area Debt	1/1/2019	No change	Spring 2051 <sup>a</sup>
Tax Increment Collection/Repayment of Debt for Citywide Housing	1/1/2044 <sup>b</sup>	No change	N/A
<b>Financial Limits</b>			
Tax Increment Cap	\$15,100,000	No change	N/A
Bond Limit	None	No change	\$400 million

a. Actual limit will correspond to Plan Amendment adoption date.

b. Pursuant to California Senate Bill 2113 ("SB 2113"), the Board of Supervisors extended the Redevelopment Plan time limits for Project Area A for incurring tax increment debt to 2014 and for receiving tax increment to repay that debt to 2044, solely for the purpose of affordable housing.

Source: San Francisco Redevelopment Agency.

## **C. Conformity with the City's General Plan**

CRL Section 33331 requires a Redevelopment Plan or Plan Amendment to be consistent with the community's General Plan.

The Plan Amendment will be in conformance with the General Plan of the City and County of San Francisco. The Planning Commission is considering updates to the South Bayshore Specific Area Plan. Prior to the Board of Supervisors consideration of the Plan Amendment, a finding of conformity with the General Plan will be made by the Planning Commission. The Plan Amendment will also be subject to all review and procedural requirements in effect as development and redevelopment take place within Project Area Boundaries.

The Draft 2006 Plan Amendment for the Hunters Point Redevelopment Project states the following:

*The Redevelopment Plan is consistent with the General Plan of the City and County of San Francisco and its applicable elements in effect on the effective date of the Bayview Hunters Point Plan Amendment, and is in conformity with the eight Priority Policies of Section 101.1 of the Planning Code in effect at the date of adoption of this Bayview Hunters Point Plan Amendment.*

## **D. Attainment of the Purposes of the California Community Redevelopment Law**

CRL Section 33324 requires a Preliminary Plan to show how the purposes of the CRL will be attained by redevelopment.

The Plan Amendment will attain the purposes of the CRL for the following reasons (as excerpted from the December 12, 1996 Amended Preliminary Plan for the Bayview Hunters Point Redevelopment Project):

*The purposes of the California Community Redevelopment Law would be attained by the proposed redevelopment through: (1) the elimination of blighting influences and the correction of environmental deficiencies, including, among others, small and irregular lots, faulty exterior spacing, obsolete and aged building types, mixed character or shifting uses or vacancies, incompatible and uneconomic land uses, substandard alleys and inadequate or deteriorated public improvements, facilities and utilities; (2) the assembly of land into parcels suitable for modern integrated development with improved pedestrian and vehicular circulation; (3) the replanning, redesign and development of undeveloped area which are stagnant or improperly utilized; (4) the provision of opportunities for participation by owners and tenants in the revitalization of their properties; (5) the strengthening of retail and other commercial functions in the Project Area; (6) the strengthening of the economic base of Project Area By installation of needed site improvements to stimulate new commercial/light industrial expansion; (7) the expansion of employment opportunities; (8) the provision of an environment for economic growth; and (9) the expansion and improvement of housing for low- and moderate-income persons.*

## **E. Overview of the Plan Amendment Process**

The Plan Amendment is a major amendment, as defined by the CRL.<sup>6</sup> The Plan Amendment involves a complex, statutorily-mandated process designed to provide a community's legislative body with the necessary analysis and input to make informed decisions about the purpose, scope and content of the Plan Amendment and, ultimately, about whether to adopt the Plan Amendment. The procedures and documentation required for the Plan Amendment are similar to the adoption of a new Redevelopment Plan (CRL Section 33354.6). The reports and steps in the Plan Amendment adoption process are summarized below.

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<sup>6</sup> An amendment is considered a major amendment when it would: (1) add territory to a project, (2) extend time limits for tax increment allocation, (3) extend time limits for the incurrence of debt, (4) increase the limit of the amount of tax increment, (5) add significant public improvement projects, or (6) lengthen the period during which the plan is effective.



- Survey Area Designation  
The Board of Supervisors designates the Survey Area.
- Amended Preliminary Plan  
In cooperation with the Redevelopment Agency, the Planning Commission adopts an Amended Preliminary Plan, incorporating Project Area B. The Planning Commission selects boundaries for the Project Area. The Amended Preliminary Plan provides a general description of land uses, redevelopment goals and objectives, and a map and legal description for the proposed Project Area (incorporating Project Area B).
- Project Area Committee Formation  
The CRL requires that a Project Area Committee (PAC) be formed if the Project Area contains a substantial number of low- or moderate- income households and the Plan Amendment will contain authority for the Agency to acquire, by eminent domain property on which persons reside. A PAC is also required if the Plan Amendment contains one or more public projects that will displace a substantial number of low- and/or moderate-income persons. The PAC provides the Agency with community review, input and recommendations on the proposed Plan Amendment.
- Preliminary Report  
The Preliminary Report describes the purpose of the Plan Amendment and the Redevelopment Program that the Plan Amendment would make possible. It is the first major background document in the approval process of the Plan Amendment.
- Environmental Review  
The adoption of the Plan Amendment requires the preparation of an Environmental Impact Report (EIR) in accordance with the California Environmental Quality Act (CEQA). Environmental staff completes and publishes a notice of preparation of the EIR and distributes the notice to all responsible agencies, taxing entities and others.
- Plan Amendment  
The Plan Amendment is the legal document setting forth the basic goals, powers and limitations within which the Agency must conduct its activities over the life of the Plan Amendment. The Agency submits the Plan Amendment to the Planning Commission, the PAC and the Board of Supervisors in preparation for consideration on the Plan Amendment.
- Taxing Entity Consultation  
Agency staff consults with affected taxing entities.
- Report on the Plan Amendment  
The Report on the Plan Amendment consists of updated information from the Preliminary Report, the Implementation Plan and additional chapters addressing specific procedures required by the CRL. It accompanies the Plan Amendment and is designed to help the Board of Supervisors make required findings and an informed decision on whether to adopt the Plan Amendment.
- Redevelopment Commission Hearing  
The Redevelopment Commission holds a public hearing on the Plan Amendment.
- General Plan Conformity  
The Agency transmits the Plan Amendment to the Planning Commission for its report and recommendation. The Planning Commission reviews the Plan Amendment for conformance with the General Plan and makes a recommendation on approval and adoption.
- Redevelopment Commission Approval and Transmittal  
The Redevelopment Commission holds a public hearing on the Plan Amendment, approves the Plan Amendment and the Report on the Plan Amendment. The Agency authorizes transmittal of the Plan Amendment with the Report on the Plan Amendment to the Board of Supervisors.

- Ordinance Adoption  
The Board of Supervisors holds the public hearing on the Plan Amendment, makes the required findings, and adopts the ordinance amending the Redevelopment Plan.

## **F. Public Agency Actions to Date and Anticipated**

The following major public agency actions related to the Plan Amendment have occurred to date or are anticipated to occur:

- Survey Area Designation  
The Board of Supervisors designated the South Bayshore area as a Redevelopment Survey Area on January 3, 1995 (Resolution No. 26-95).
- Amended Preliminary Plan  
The Planning Commission approved an Amended Preliminary Plan for the Hunters Point Redevelopment Project to include the Survey Area on December 12, 1996.
- Public Participation  
The San Francisco Board of Supervisors adopted the PAC Formation Procedures in October 1996. A PAC was created because the Plan Amendment as proposed at that time would have authorized eminent domain over multi-family residential areas. Community information meetings on the PAC were held on July 10, July 20, September 7 and September 28, 1996. The PAC election was held on January 16, 1997. The Board of Supervisors certified the PAC election results on January 28, 1997. The PAC has held regular meetings since 1997. Agency staff transmitted the Plan Amendment to the PAC on February 13, 2006. At its March 1, 2006 meeting, the PAC is anticipated to make its recommendation to the Board of Supervisors, as required by CRL Section 33366.
- Statement of Plan Preparation  
On December 17, 2003, the Agency staff transmitted to the State Board of Equalization (SBE) a statement of plan preparation, a legal description and a boundary map, pursuant to CRL Section 33327. The SBE accepted the documents on January 6, 2004. On January 21, 2004, in accordance with CRL Section 33327, the Agency staff transmitted to the County officials and affected taxing entities a statement of plan preparation, a legal description and a boundary map.
- County Fiscal Officer's Report  
The Agency requested the Report of the County Fiscal Officer (Section 33328 Report) in August 2004 using 2004/05 as the base year assessed valuation. On December 9, 2004, the Auditor's office issued the County Fiscal Officer's Report. On December 21, 2005, the Agency requested a 33328 Report using FY 2005/06 as the base year assessed value. The Agency received the County Fiscal Officer's Report on February 21, 2006.
- Environmental Review  
On July 10, 2003, Agency staff transmitted the CEQA Notice of Preparation and related documents. The Draft Environmental Impact Report (DEIR) for the Plan Amendment was published on October 19, 2004. The Redevelopment Agency held a public hearing on the DEIR on December 7, 2004. Responses to comments have been prepared by Agency staff in consultation with EIP Associates, an environmental consulting firm, and the San Francisco Planning Department. On February 21, 2006, the Agency Commission reviewed the EIR, but took no action. On March 2, 2006, the Planning Commission will hold a joint hearing with the Agency Commission to consider certification of the Final EIR.

- Taxing Entity Consultation  
Agency staff has consulted with affected taxing entities. In December 2005, the Agency mailed copies of the Preliminary Report to the following entities: San Francisco Community College District, Bay Area Air Quality Management District, San Francisco Unified School District, Bay Area Rapid Transit District, and the City and County of San Francisco. The cover letters transmitting the Preliminary Report notified the taxing entities of the Agency's intent to use the FY 2005/06 assessed value as the base year assessed value, requested comments on the Preliminary Report, and provided notice of a meeting to be scheduled in January 2006 at the Agency to review the Plan Amendment and the Preliminary Report. The mailing was followed by phone calls to the appropriate individual at each entity.
- General Plan Conformity  
The Agency anticipates that the Planning Commission will update the South Bayshore Specific Area Plan, consider the Plan Amendment for its conformity with the General Plan, and make a finding that the Plan Amendment is in conformance with the General Plan on March 2, 2006.
- Redevelopment Commission Action  
On March 7, 2006, the Redevelopment Commission is scheduled to conduct its public hearing, review the Plan Amendment and authorize its distribution together with the Report on the Plan Amendment and the EIR.
- Plan Amendment  
The Board of Supervisors public hearing on, and consideration of, the Plan Amendment is anticipated to be held in the spring of 2006. At this time, Project Area B boundaries will be formally adopted.

## **G. How the Report on the Plan Amendment Satisfies CRL Requirements**

The Report on the Plan Amendment is designed to comply with CRL requirements. Pursuant to CRL Section 33352, the report to the legislative body must demonstrate how a proposed redevelopment project (or amended project) meets several criteria. This section includes a summary of the report requirements and a description of how this Report is organized to meet these requirements. Excerpts from the CRL are referenced and italicized.

### **1. Reasons for Selecting the Project Area**

*The reasons for the selection of the project area. Section 33352(a)*

Chapter II presents the reasons for amending for the Plan Amendment and for including Project Area B in the Project Area. Chapter III, Report on Urbanization, provides documentation on the extent of urbanization in Project Area B. The documentation demonstrates that Project Area B meets the urbanization requirements specified in Section 33320.1.

## **2. Physical and Economic Conditions in Project Area B**

*A description of the physical and economic conditions existing in the project area. The description shall include a list of the conditions described in Section 33031 that exist within Project Area A and a map showing where in the project the conditions exist. Section 33352(b)*

This Report must describe the physical and economic conditions within Project Area B, in accordance with current definitions set by the CRL.

The documentation provided in Chapters IV and V of this Report demonstrates Project Area B contains adverse physical and economic conditions sufficient to support a finding of blight in accordance with the CRL. Although the CRL does not require a description of Project Area A's conditions, information on Project Area A is presented in order to provide comprehensive information on the Project Area. Specifically, Chapter IV includes a description of the blight in Project Area A at the time of adoption, a summary of redevelopment activities to date, and an evaluation of the remaining adverse conditions. Chapter IV also includes a description of a portion of Project Area B included for effective redevelopment.

## **3. Proposed Projects and Blight Alleviation**

*...a description of the specific project or projects then proposed by the agency, a description of how these projects will improve or alleviate the conditions described in subdivision (b). Section 33352(a)*

Chapter VI describes the Redevelopment Program and provides descriptions of the projects and activities proposed by the Agency as a means to alleviate blighting conditions in Project Area B. Preliminary cost estimates for these projects and activities are provided in Chapter VI. This chapter also demonstrates how redevelopment would be used by the Agency to alleviate adverse conditions in Project Area B by linking identified adverse conditions with specific proposed projects and activities.

## **4. Proposed Method of Financing and Feasibility**

*An explanation of why the elimination of blight and the redevelopment of the project area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body's use of financing alternatives other than tax increment financing. Section 33352(d)*

*The proposed method of financing the redevelopment of the project area, in sufficient detail so that the legislative body may determine the economic feasibility of the plan, Section 33352(e)*

Chapter VII describes the proposed method for financing the Plan Amendment. Estimated Redevelopment Program costs are compared with available funding sources. The analysis demonstrates the economic feasibility of the Plan Amendment. Chapter XVII includes the reasons why redevelopment and tax increment financing are necessary to eliminate blight and accomplish the goals and objectives of the Plan Amendment.

## **5. Implementation Plan**

*An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031. Section. 33352(c)*

Chapter VIII refers to the Implementation Plan, which is included in this Report as Appendix G. The non-housing and housing program priorities and expenditures for the Implementation Plan period are included in the Implementation Plan.

## **6. Method or Plan for Relocation**

*A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing units available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement. Section 33352(f)*

Chapter IX discusses the Agency's relocation plan and Appendix H includes the relocation plan.

## **7. Analysis of the Preliminary Plan**

*An analysis of the preliminary plan. Section 33352(g)*

Chapter X of this Report provides an analysis of the Amended Preliminary Plan.

## **8. Planning Commission Actions**

*The report and recommendations of the planning commission. Section 33352(h)*

*The report required by Section 65402 of the Government Code. Section 33352(j)*

Chapter XI of this Report discusses the Planning Commission actions. On March 2, 2006, the Planning Commission is expected to certify the Final EIR, update the South Bayshore Specific Area Plan, and consider the Plan Amendment's conformance with the General Plan.

## **9. Summary of Public Review of the Plan Amendment**

*The summary referred to in Section 33387. Section 33352(i)*

A summary of the consultations with the Community is contained in Chapter XII of this Report. Appendix J includes a summary of the PAC meeting record from September 16, 2004 to date, as well as a list of the PAC members.

## **10. Environmental Review**

*The report required by Section 21151 of the Public Resources Code. Section 33352(k)*

Chapter XIII of this Report discusses the environmental review requirements that apply to the Plan Amendment, and incorporates by reference the Final EIR in this Report on the Plan Amendment.

## **11. Analysis of the Report of the County Fiscal Officer**

*The report of the county fiscal officer as required by Section 33328. Section 33352(l)*

*An analysis by the agency of the report submitted by the county as required by Section 33328,...*  
*Section 33352(n)*

Chapter XIV includes the analysis of the Report of the County Fiscal Officer. The report is included in Appendix K of this Report.

## **12. Summary of Consultations with Taxing Entities**

*...a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information if any, and, at the discretion of the agency, proposed or adopted mitigation measures. Section 33352(n)*

A summary of consultations with affected taxing entities is contained in Chapter XV of this Report. Appendix L includes copies of correspondence the Agency has had with the taxing entities concerning the Plan Amendment.

## **13. Neighborhood Impact Report**

*If the project area contains low or moderate income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of Project Area And the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood. Section 33352(m)*

Chapter XVI of this Report includes the Neighborhood Impact Report.

## 14. Supplementary Report

*At least 14 days prior to the public hearing on the redevelopment plan for which the redevelopment agency proposes to use a different equalized assessment roll, the redevelopment agency shall prepare and deliver to each taxing agency a supplementary report analyzing the effect of the use of the different equalized assessment roll which shall include those subjects required by subdivisions (b), (e), and (n) of Section 33352. In lieu of a supplementary report, a redevelopment agency may include in the report required to be prepared pursuant to Section 33352, the information required to be included in the supplementary report. Section 33328.5(c).*

Chapter XVIII of this Report includes the Supplementary Report required by Section 33328.5(c).

## II. Reason for Plan Amendment and Project Area B Selection

### A. Introduction

Section 33352(a) of the CRL requires that the Report on the Plan Amendment include the reasons for amending the Redevelopment Plan and the selection of Project Area B. The Plan Amendment proposes to add area to the Project Area in order to eliminate blight and establish tax increment financing.

Project Area B suffers from adverse physical and economic conditions and would benefit from the inclusion in a redevelopment project area. Revitalization of Project Area B would complement activities undertaken in Project Area A and achieve the Redevelopment Plan's objectives. Project Area B's revitalization would also increase economic benefits for the entire Project Area, the surrounding Bayview Hunters Point community, the City of San Francisco, and the Bay Area at large. This chapter describes the reasons for amending the Redevelopment Plan and selecting Project Area B.

### 1. Background

The Project Area is located in the Bayview Hunters Point area of San Francisco. Shaped by its dynamic history and unique location, the Bayview is a diverse community of individuals who live, work and raise families in the area.

#### a. History

The San Francisco Bay Area has been populated for thousands of years by Native Americans. It is believed that the Hokan-speaking people were some of the first to occupy the San Francisco Peninsula. The Costanoan Ohlone people, with a distinct language and culture, are believed to have resided in the Bayview as early as 100 BC. The tribal groups in the San Francisco area moved seasonally to shoreline areas and records indicate a concentration of activity along the salt marshes of Islais Creek.<sup>1</sup>

Led by Juan Bautista Aguirre, the Spanish arrived at Hunters Point in 1775 to investigate the marshland and promontory, and named the area La Punta Concha, or Seashell Point. Hunters Point eventually became known as Punta Avisadera or Beacon Point by Spanish settlers because it guided sailors to the best natural deep-water port in the Bay Area. By 1842, Mexico declared independence from Spain, and San Francisco-born Jose Cornelio Bernal applied to the Mexican government for title to almost 4,000 acres of prime pasture land near Punta Avisadera, almost the entirety of the current Bayview Hunters Point.<sup>2</sup>

Bernal was able to maintain ownership of these lands through the Gold Rush in spite of a large influx of gold seekers into San Francisco. Eventually Bernal contracted with the Hunter brothers to develop and market the area as a real estate venture. The Hunters oversaw the survey and mapping of the area, and the surveyor mistakenly named the new township after the agents instead of the owner. A pre-planned street grid was laid over the entire area and is evident today in the street layout of Bayview.

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<sup>1</sup> San Francisco Redevelopment Agency, Draft Environmental Impact Report (DEIR), Bayview Hunters Point Plan Amendment, October 19, 2004, p. III J-2.

<sup>2</sup> Concept Plan, March 2002, p. 20.



In the 1850s, the City's zoning rules began to relegate slaughterhouses, meat packing plants, tanneries, fertilizer companies, and soap and tallow works to the Bayview area, known as Butchertown, where the India Basin Industrial Park exists today.<sup>3</sup>

The Hunters stayed in the area, built a wharf at the waterfront, and eventually gained title to the entire original Bernal tract. In 1870, the Hunter brothers sold the Bernal tract, which they called "South San Francisco." Around 1870, several wealthy San Franciscans built a horseracing track at Candlestick Point. A horse-drawn street car line was established to connect the racetrack with downtown San Francisco, while a railroad connection was built by bridging over the then-unfilled Mission Bay, cutting through Potrero Hill, and spanning the salt marshes at the mouth of Islais Creek on a mile-long trestle.<sup>4</sup>

During World War II, the Bayview transformed into a regional industrial center with the installation of Hunters Point Naval Shipyard, and the accompanying steel and warship production. Transportation projects included street widening for transporting goods, the beginnings of the freeway program and the opening of Islais Creek Bridge in 1950.

## **b. Location**

The original lay of the land has changed dramatically over the last 150 years. Beginning in the 1850s, the shallow margins of the Bay were filled to extend the shoreline. The extent of fill activities has altered the natural shoreline. The majority of the shoreline was filled between 1906 and 1940, with Yosemite Slough areas and portions between Islais Creek and Hunters Point Naval Shipyard filled in the 1930s and 1940s. Some additional fill occurred through the late 1960s to create the current shoreline. Today, the area has over 14 miles of shoreline.

## **c. Population and Diversity**

Hunters Point experienced only minor residential development in the late 1800s and early 1900s. Poor access to the rest of the city and the difficulty of building streets mapped in a gridiron pattern over the steep topography were contributing factors.<sup>5</sup> During the mid-nineteenth century, many working class Chinese, Italians, Irish, German, French and Maltese immigrants with skills related to cattle and meat processing settled in the vicinity. According to pre-1900 census information, Bayview Hunters Point historically has been one of the more racially integrated areas in San Francisco. By 1906, the Hunters Point dockyards and the areas adjacent to the Bayview racetrack were characterized by small but enterprising settlements of mixed-nationality immigrants. Bayview Hunters Point grew incrementally but steadily until World War II, when war related industry drew a huge workforce from around the country and transformed the community. The Bayview emerged as one of San Francisco's two centers of African American commerce and culture. Today, over 34,000 people live in the Bayview (with approximately 20,000 in Project Area B), including a substantial number of second and third generation residents.

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<sup>3</sup> Ibid, p. 21.

<sup>4</sup> DEIR, Bayview Hunters Point Plan Amendment, October 19, 2004, Chapter III, Section I.

<sup>5</sup> San Francisco Redevelopment Agency, A Report on the Hunters Point Redevelopment Program, November 1968, p. 1.

## **2. Reason for Selecting Project Area A**

Following World War II, the federal government relinquished temporary housing built on Hunters Point Hill to accommodate the wartime shipyard workers to the City and turned the operation over to the San Francisco Housing Authority (SFHA). The SFHA replaced some of the temporary war housing with permanent public housing developments but was unable to replace it all. Early in the 1960s, the San Francisco Redevelopment Agency was asked to remove the remaining 1,900 units of war housing. In recognition of the problems associated with the removal of the remaining units of temporary war housing and the rebuilding of the Hunters Point ridge area, the Board of Supervisors designated Hunters Point as Redevelopment Area G on December 23, 1963 by Resolution No. 711-63. On February 5, 1968, the Board of Supervisors adopted Resolution No. 100-68, which described and designated the Survey Area, which encompassed a large portion of Hunters Point Hill.<sup>6</sup> The Redevelopment Plan for the Hunters Point Redevelopment Project was adopted on January 20, 1969 by Ordinance No. 25-69, with the main objective of replacing the temporary war housing with permanent affordable housing.

Also in 1969, the Agency adopted the India Basin Industrial Park Redevelopment Project (IBIP). The purpose was to redevelop a 126 acre area that included automobile wreckage yards, industrial uses, the remnants of Butchertown, vacant land, and unimproved streets into the India Basin Industrial Park. Today, IBIP includes 33 modern industrial buildings.

## **3. Subsequent Amendments to Redevelopment Plan and Related Project Areas**

The Redevelopment Plan for the Hunters Point Redevelopment Project was amended on August 24, 1970 (Ordinance No. 280-70) in order to add approximately three acres of vacant and steeply sloped land to the original Project Area A. These adjoining areas would have been isolated and inefficiently used due to topography and street grades if they had not been added to Project Area A. The Redevelopment Plan was further amended on December 1, 1986 (Ordinance No. 475-86) to bring the Redevelopment Plan into compliance with CRL Section 33333.4, which required limitations to be established on the amount of tax dollars that may be allocated to the Agency (tax increment), the time for indebtedness, and the time for the commencement of eminent domain proceedings. The 1986 Plan Amendment limits included a cap on tax increment of \$15.1 million; a January 20, 1999 time limit on the incurrence of indebtedness and plan effectiveness; and a twelve year limit on eminent domain proceedings, which ended December 1, 1998. The Redevelopment Plan was amended again on December 12, 1994 (Ordinance No. 417-94) to bring the Redevelopment Plan into compliance with Assembly Bill 1290 (AB 1290). The 1994 Plan Amendment provided for an extension of time limits including the debt incurrence limit to January 1, 2004; plan effectiveness limit to January 1, 2009; and tax increment collection to January 1, 2019. The 2005 Plan Amendment extended tax increment collection to January 1, 2044 and the debt incurrence deadline to 2014, for the sole purpose of funding affordable housing. If adopted, the 2006 Plan Amendment will add territory (Project Area B) to the Project Area.

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<sup>6</sup> San Francisco Redevelopment Agency, Report on the Redevelopment Plan for the Hunters Point Redevelopment Project Area, December 18, 1968, p. 2.

Redevelopment efforts have alleviated most of the adverse conditions in Project Area A. However, some properties have not been redeveloped, and overall, the area is negatively impacted by the conditions in some of the areas adjacent to Project Area A. In particular, gang activity and the high rate of crime in and near the adjacent SFHA properties negatively influence Project Area A.

Two other redevelopment projects have been adopted in the Bayview since 1969: the Bayview Industrial Triangle (BIT) Project Area in 1980 and the Hunters Point Shipyard Project Area in 1997.

The BIT Project Area is predominantly industrial, with activities that include light and heavy manufacturing, warehousing and processing. The 41-acre BIT Project Area also includes a few residences and a number of vacant lots. The eastern border is along Third Street. The BIT Redevelopment Project was adopted to alleviate blighting conditions and add economic life to the businesses and residences by providing rehabilitation programs. As funding was to be provided by the federal government, the Redevelopment Plan did not authorize tax increment financing. However, the federal funding source was eliminated and the Redevelopment Project has not been funded.

The Hunters Point Shipyard is a decommissioned Navy facility located on the southeast San Francisco waterfront. A Superfund site, the Shipyard encompasses 500 acres, on which many of the existing buildings are currently used for general industrial activities including shipyard repair, transportation services and artists studios.

#### **4. Proposed Plan Amendment to Include Project Area B**

As discussed in Chapter I, Project Area B suffers from declining economic activity, deteriorating and underutilized retail and commercial corridors, economic disinvestment, unsafe and unhealthy buildings, environmental problems and a high crime rate. The long industrial history and concentration of polluting facilities in the area have resulted in a variety of environmental problems, including contaminated sites, illegal dumping and conflicts among land uses. The proposal to amend the Hunters Point Redevelopment Plan to include Project Area B arose from community-based efforts in the 1980s and 1990s. These efforts began with the creation of the South Bayshore Area Plan that included a study of the Third Street corridor, the work of the South Bayshore Community Development Corporation, and the Bayview Hunters Point Project Area Committee (PAC). Community members and leaders, the Agency, the Mayor's Office of Economic Development, the San Francisco Planning Department, and other public entities participated in these efforts.

##### **a. Bayview Hunters Point Area Plan**

The proposal to amend the Hunters Point Redevelopment Plan to include Project Area B resulted from an in-depth community process beginning in late 1986 and from the efforts of community members and the San Francisco Planning Department to create the South Bayshore Area Plan (Area Plan), which guides development in Bayview Hunters Point. Work on the plan involved three phases, including the development of an Issues Report (completed in 1987), preparation for a proposal for Citizen Review (completed in 1988), and the preparation of a Proposal for Adoption. In 1995, the City's Planning Commission approved the Area Plan. After the creation of the Area Plan, community leaders requested the development of a detailed Community Revitalization Plan.<sup>7</sup>

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<sup>7</sup> Concept Plan, March 2002, p. 7.

During the process of creating the Area Plan, the community considered how to translate policies and objectives into plans, programs, projects and activities, with the possibility of using redevelopment as a tool to facilitate their implementation. Community leaders determined that a community-based approach to using the tools of redevelopment could have a positive impact.<sup>8</sup>

**b. Third Street Corridor Study**

In 1991, the Mayor’s Office of Economic Development, the San Francisco Planning Department, and the Agency investigated ways to increase their involvement in community revitalization. The Agency and the San Francisco Municipal Railway (Muni) provided funding for the Third Street Corridor Study: Economic Development and Market Analysis (Third Street Corridor Study), which assessed existing conditions, defined needs, identified opportunities for real estate and business development, and described potential funding mechanisms for an economic development program. The analysis, completed in 1993, recommended focusing on the most economically healthy portions of the Third Street corridor and strengthening them through building renovation loans, a visual improvement program, improved public services, and improved sanitation services. The report also discussed how disadvantaged businesses would greatly benefit from possible interventions such as financial and business management assistance.<sup>9</sup>

**c. South Bayshore Community Development Corporation (SBCDC)**

In the mid-1990s, as the Area Plan was being completed and the Third Street Corridor Study was being reviewed, a group of community leaders formed the non-profit South Bayshore Community Development Corporation (SBCDC) to synthesize and guide community revitalization efforts. The SBCDC worked proactively with the City and the Agency to understand development tools and financing powers associated with redevelopment.<sup>10</sup> In August 1994, using a community-based process, the SBCDC and the Agency entered into a partnership to discuss and document ideas for plans, programs and projects. The SBCDC, in conjunction with community members and Agency staff, worked to create a preliminary plan for redevelopment. This work was an important step in identifying community revitalization concepts and establishing an important ground rule that spoke to some community members’ fears: the Agency would not use eminent domain on residential properties during the course of any future redevelopment projects in Bayview Hunters Point.<sup>11</sup>

**d. Bayview Hunters Point Project Area Committee (PAC)**

One of the major accomplishments of the SBCDC was to create a civic forum leading to the formation of the Bayview Hunters Point Project Area Committee (PAC). On January 16, 1997, over 750 community members elected community representatives to the PAC, which provides the Agency with community review, input and recommendations on the Plan Amendment. Since its establishment, the PAC helped develop a long-term community-based vision to guide future growth, prioritize programs, and assess development proposals. The PAC’s recommendations are embodied in the Concept Plan, which was completed in November 2000. It includes recommendations and specific plans developed through the PAC process to guide implementation of the community’s revitalization goals. The Concept Plan identified four high priority areas in which to make coordinated investments in order to maximize the potential for revitalization focus areas: Town Center, Northern Industrial District, Hunters Point Shoreline, and South Basin District.

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<sup>8</sup> Ibid, p. 7.

<sup>9</sup> Ibid, p. 9.

<sup>10</sup> Ibid, p. 10.

<sup>11</sup> Ibid, p. 10.

The Concept Plan identifies seven revitalization strategies:

- Promote local economic and employment development first.
- Improve education, training and employment opportunities for residents.
- Focus coordinated investments in high priority areas where they will have the greatest visibility and impact.
- Encourage civic participation through interactive public processes and foster cultural development through the arts.
- Conserve existing housing and provide new housing.
- Address environmental problems and identify opportunities that increase the quality of life.
- Improve the physical environment and transportation systems.<sup>12</sup>

The PAC also worked collaboratively with the Agency on the Framework Housing Program, which is a guiding document for Affordable Housing Program.

#### **e. Redevelopment Plan Amendment**

The creation of the Plan Amendment is a critical step to implementing the community's vision for revitalization. Through an in-depth consultation with the PAC, the Agency has identified seven economic development activity nodes within Project Area B. The nodes represent an evolution from, and a refinement of, the four focus areas that are described in detail in the Concept Plan. The seven activity nodes include:

- Northern Gateway Activity Node, centered on Third Street between Islais Creek and Jerrold Avenue, is envisioned as a mixed-use neighborhood, containing a residential corridor with retail and service commercial businesses, bisecting a light industrial area.
- Town Center Activity Node, centered on Third Street between Jerrold Avenue and Williams Avenue, is identified as a core commercial area, containing City-owned property that offers public facilities and community space. This area would have consolidated community-serving uses including arts and culture, education, research, childcare and training.
- Oakinba Activity Node, centered in the area bounded by Oakdale Avenue, Industrial Way and Bayshore Boulevard, is uniquely positioned to accommodate larger-scale, city-serving commercial businesses.
- Health Center Activity Node, adjacent to the Third Street light rail line between Williams and Fitzgerald Avenues, provides opportunities for housing, senior facilities, medical offices, clinics and related medical services facilities to serve the entire Bayview community.
- Hunters Point Shoreline Activity Node, centered on Evans Avenue, Hunters Point Boulevard and Innes Avenue between Jennings Street and Hunters Point Shipyard, is envisioned as an area of infill and renovated housing along the hillside south of Innes Avenue.
- South Basin Activity Node is projected as an area of transit-oriented development adjacent to Third Street, with land beyond Third Street towards Bayshore Boulevard to the west and South Basin and Yosemite Slough to the east preserved for industrial uses.

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<sup>12</sup> Ibid, p. 4-5.

- Candlestick Point Activity Node, located in the Candlestick Point Special Use District, includes the Candlestick Stadium and the Candlestick Recreation Area. This Special Use District will accommodate the San Francisco 49ers stadium and mall, as approved by San Francisco voters in June 1997.<sup>13</sup>

The Plan Amendment identifies the activity nodes as the areas where the Agency’s economic development projects and activities will be concentrated. Figure I-4, included in Chapter I, shows the general location of the seven economic development activity nodes.

## **B. Factors Considered in Selecting Project Area B**

In selecting Project Area B, the Agency considered the following:

- Requirements of the CRL,
- Extent of urbanization,
- Presence of physical and economic blighting conditions,
- Public improvement deficiencies,
- Need for redevelopment assistance, and
- The priorities of the Bayview Hunters Point community.

### **1. Relevant Provisions of the California Community Redevelopment Law**

The sections of the CRL that are relevant to the selection of boundaries for Project Area B include the following:

#### **a. Definition of a Redevelopment Project Area (CRL Section 33320.1(a))**

*“Project area” means, except as provided in Section 33320.2, 33320.3, 33020.4, or 33492.3, a predominantly urbanized area of a community which is a blighted area, the redevelopment of which is necessary to effectuate the public purposes declared in this part, and which is selected by the planning commission pursuant to Section 33322.*

#### **b. Definition of Predominantly Urbanized Area (CRL Section 33320.1(b) and (c))**

Relevant provisions of the CRL pertaining to a definition of “predominantly urbanized” area are as follows:

*(b) As used in this section, “predominantly urbanized” means that not less than 80 percent of the land in the project area:*

*(1) Has been or is developed for urban uses; or*

*(2) Is characterized by the condition described in paragraph (4) of subdivision (a) of Section 33031 (included below); or*

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<sup>13</sup> San Francisco Redevelopment Agency, Bayview Hunters Point Economic Development Activity Nodes, November 6, 2003.

(3) *Is an integral part of one or more areas developed for urban uses which are surrounded or substantially surrounded by parcels which have been or are developed for urban uses. Parcels separated by only an improved right-of-way shall be deemed adjacent for the purposes of this subdivision.*

(c) *For purposes of this section, a parcel of property as shown on the official maps of the county assessor is developed if that parcels is developed in a manner which is either consistent with the zoning or is otherwise permitted under law.*

**c. Definition of the Characteristics of a Blighted Area (CRL Section 33030 and 33031)**

Relevant provisions of the CRL describing the characteristics of a blighted area are as follows:

**Section 33030**

(a) *It is found and declared that there exist in many communities blighted areas which constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state.*

(b) *A blighted area is one that contains both of the following:*

(1) *An area that is predominately urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.*

(2) *An area that is characterized by either of the following:*

(A) *One or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.*

(B) *The condition described in paragraph (4) of subdivision (a) of Section 33031.*

(c) *A blighted area also may be one that contains the conditions described in subdivision (b) and is, in addition, characterized by the existence of inadequate public improvements, parking facilities, or utilities.*

**Section 33031**

Section 33031 of the CRL describes both physical and economic conditions that can be used to determine if an area is blighted and in need of redevelopment. These factors are listed below.

Adverse Physical Conditions

The CRL Section 33031(a) definition for physical blight is as follows:

*This subdivision describes physical conditions that cause blight:*

*Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or similar factors. 33031(a)(1)*

*Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by substandard design, inadequate size given present standards and market conditions, lack of parking, or similar factors. 33031(a)(2)*

*Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area. 33031(a)(3)*

*The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership. 33031(a)(4)*

#### Adverse Economic Conditions

The CRL Section 33031(b) definition for economic blight is as follows:

*This subdivision describes economic conditions that cause blight:*

*Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of agency authority as specified in Article 12.5 (commencing with Section 33459). 33031(b)(1)*

*Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots with an area developed for urban use and served by utilities. 33031(b)(2)*

*A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions. 33031(b)(3)*

*Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults, that has led to problems of public safety and welfare. 33031(b)(4)*

*A high crime rate that constitutes a serious threat to the public safety and welfare. 33031(b)(5)*

Under the CRL, the presence of inadequate public improvements is not one of the nine statutorily defined conditions of blight. However, CRL Section 33030(c) permits consideration of inadequate public improvements as a blighting condition when statutorily defined blighting conditions exist in a project area. Inadequate public improvements may be a contributing factor to blight, and an agency may undertake needed public improvements to alleviate blight. To the extent they are present, inadequate public improvements typically reflect problems that exacerbate the effects of blight.

CRL Section 33030(c) states the following:

*A blighted area also may be one that contains the conditions described in subdivision (b) and is, in addition, characterized by the existence of inadequate public improvements, parking facilities, or utilities. 33030(c)*



**d. Definition of the Characteristics of an Area to be Included for Effective Redevelopment (CRL Section 33321)**

The CRL allows certain non-blighted areas to be included in a redevelopment project area if their inclusion is necessary for effective redevelopment:

*A project area need not be restricted to buildings, improvements, or lands which are detrimental or inimical to the public safety, or welfare, but may consist of an area in which such conditions predominate and injuriously affect the entire area. A project area may include lands, buildings, or improvements which are not detrimental to the public health, safety or welfare, but whose inclusion is found necessary for the effective redevelopment of the area of which they are a part.*

*Each such area included under this section shall be necessary for effective redevelopment and shall not be included for the purpose of obtaining the allocation of tax increment revenue from such area pursuant to Section 33670 without other substantial justification for its inclusion.*

**e. Other Important Factors in Amending the Redevelopment Plan and Selecting Project Area B**

Other factors that were considered in selecting Project Area B boundaries include the need to:

- Eliminate the physical and economic blighting conditions, as described in this Report.
- Assist in furthering the goals and objectives of the City and County's General Plan.
- Increase economic benefits for the Project Area, the surrounding Bayview Hunters Point community, the City of San Francisco, and the Bay Area at large.
- Provide financial support to make the Redevelopment Project feasible.
- Foster economic development and create employment opportunities.
- Find suitable new uses for underutilized properties.
- Preserve and create affordable housing.
- Provide needed public facilities and infrastructure improvements.
- Continue to revitalize Project Area A by improving surrounding areas.

These considerations are based in part upon the goals and objectives included in the Plan Amendment and presented in Chapter VI, Redevelopment Program Description.

## **C. Redevelopment Survey Area**

The first step in the process of amending a redevelopment plan to add territory is the designation of a redevelopment survey area. The survey area is the area to be studied to determine if a redevelopment project within the area is feasible. On January 3, 1995, with Resolution No. 26-95, the Agency designated the entire area within Bayview Hunters Point (except for territory already within an existing Project Area or Survey Area) as a Redevelopment Survey Area. Figure II-1 indicates the boundaries of the Redevelopment Survey Area.

## **D. Selection of Project Area B**

On December 12, 1996, the Planning Commission adopted an Amended Preliminary Plan for the Amended Hunters Point Redevelopment Project. Project Area Boundaries in the 1996 Amended Preliminary Plan were coterminous with the Survey Area boundaries.

After a preliminary analysis of blighting conditions following the adoption of the 1996 Amended Preliminary Plan, the Agency and PAC recommended a significant reduction in the size of Project Area B. In 2002, this modified area was surveyed for existing conditions. In 2003, the PAC reviewed the modified boundary and recommended minor refinements that include additional parcels the PAC members had observed as blighted. These areas were surveyed in the summer of 2003 and, based on the blighting conditions analysis, most were included.

As discussed in Chapter I, Section B.2.b., the Agency further modified Project Area B boundary to exclude the parcels in the Hunters Point Shoreline activity node that are contained within the proposed India Basin Special Use District. These parcels are north of Innes Avenue and include the PG&E plant, a public park, properties with industrial and commercial activities, and vacant land. The legal description and maps included in the Plan Amendment reflects the boundary modification. Refer to Figure I-3 in Chapter I for Project Area B's boundary.

The Agency intends to consider the excluded area (termed Project Area C) as a potential area for redevelopment in the near future. The legal description and map included in the Plan Amendment reflect the boundary modification. Refer to Figure I-3 in Chapter I for Project Area B's boundary.

For all of the 1,361-acre Project Area B, specific land use controls will be achieved through the Eastern Neighborhood Rezoning planning process. However, due to the unique planning challenges and opportunities in the Hunters Point Shoreline area, both the Planning Department's Rezoning Workbook and the Agency's review indicate the need for additional planning along this shoreline area. Consistent with the Concept Plan, the Agency has recommended that the India Basin Special Use District be designated as a separate planning study area to be evaluated with a community-driven rezoning analysis and planning process. The Planning Department and the Agency will undertake additional planning work and re-zoning analysis with community input in 2006. The legal description and map included in the Plan Amendment reflect the modification.

### **1. Extent of Urbanization**

As previously stated, Section 33320.1 of the CRL specifies that, among other things, the land within a redevelopment project area must be "predominantly urbanized." The Agency considered the extent of urbanization when it recommended Project Area B boundaries. The CRL does not require an assessment of the extent of urbanization for Project Area A. However, the CRL does require an assessment of the urbanization for areas that are being added to an existing project area.

The assessment of the extent of urbanization in Project Area B was supported by field reconnaissance surveys, and an examination of available maps and aerial photographs. Field reconnaissance surveys have revealed that most (about 86 percent) of Project Area B has either been developed for urban uses or is an integral part of an area developed for urban uses. Thus, the urbanization requirement of the CRL, which requires a minimum of 80 percent urbanized land, has clearly been met. For more detail, refer to Chapter III.



**SIJ** **FIGURE II - 1**  
**IRA** **Bayview Hunters Point Survey Area**

**Hunters Point Redevelopment Project**  
 Source: San Francisco Redevelopment Agency

## **2. Substantial and Prevalent Blighting Conditions**

The CRL requires that a combination of adverse physical and economic conditions be prevalent and substantial for an area to be designated for redevelopment. As outlined below, the physical and economic blighting conditions in Project Area B are so prevalent and substantial that they cannot reasonably be expected to be reversed without redevelopment assistance. The adverse conditions found in Project Area B are summarized in various exhibits throughout Chapters IV and V, and Appendices C and E, which together constitute the blighting conditions description and map.

Surveys and analyses of Project Area B, its land, buildings conditions, historical uses, and economic conditions support the blight findings. The prevalence of adverse physical conditions is evident primarily in deficient or deteriorating buildings, factors inhibiting the use of land and buildings, and incompatible uses. The prevalence of adverse economic conditions is evident primarily in the presence of potentially hazardous materials, high retail vacancies, low retail lease (rental) rates, vacant buildings, vacant and underutilized land, residential overcrowding, problem businesses, and a high crime rate. Inadequate public improvements are also present. The blighting conditions found in Project Area B include seven of the nine statutorily defined categories of physical and economic blight:

- Buildings in which it is unsafe or unhealthy for persons to live or work.
- Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots.
- Adjacent or nearby uses that are incompatible with each other.
- Depreciated or stagnant property values or impaired investments.
- Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.
- Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults that has led to problems of public safety and welfare.
- A high crime rate that constitutes a serious threat to the public safety and welfare.

These conditions have caused a reduction in the proper use of Project Area B to such an extent that they have become a burden on the community, and cannot be reversed or alleviated without the assistance of the Agency through the authority of the CRL. The Agency considered the existence of these conditions prior to recommending and refining Project Area B boundaries.

## **3. Effective Redevelopment**

The CRL allows certain non-blighted areas to be included in a redevelopment project area if their inclusion is necessary for effective redevelopment or for affordable housing purposes. The Plan Amendment proposes to include one area in Project Area B for purpose of effective redevelopment. This area contains the Mariners Village and the Morgan Heights residential developments. Located in the Hunters Point Shoreline activity node and adjacent to the Hunters Point Shipyard Redevelopment Project Area, it is completely surrounded by blighted areas. While the area does not exhibit adverse physical conditions that could be used as evidence of physical blight, it is negatively impacted by the nearby adverse conditions, especially crime. Inclusion of this area will enable coordinated comprehensive planning and revitalization of Project Area B.

#### **4. Furthering City Goals and Objectives**

The Plan Amendment will further several City goals and objectives, including promoting new affordable and mixed-income housing, creating jobs, furthering economic development, providing open space, promoting the use of public transit, and generally redeveloping underutilized property to productive use. Chapter VI presents proposed projects and activities that would be implemented to achieve City goals and objectives.

### **E. Conformity with the Requirements of the CRL**

#### **1. Conformity of Project Area B**

The boundaries of Project Area B, as described previously in Chapter I, conform in every respect to the requirements of the CRL.

#### **2. Conformity with the Boundaries of the Redevelopment Survey Area**

The boundaries of Project Area B are located entirely within the boundaries of the Redevelopment Survey Area, as approved by the Board of Supervisors on January 3, 1995 (Resolution No. 26-95).

#### **3. Conformity with the City and County of San Francisco General Plan**

The Plan Amendment will be consistent with the City and County of San Francisco General Plan. In March 2006, the Planning Commission will review the Plan Amendment for conformity with the General Plan. The permitted land uses and standards set forth in the General Plan will be adopted as the permitted land uses and standards of the Plan Amendment.

#### **4. Conclusion**

Project Area B was selected because it is hindered by clearly documented physical and economic blighting conditions. These conditions, which are detailed in Chapters IV and V and Appendices C and E prevent proper utilization of properties in Project Area B as envisioned by the City and County of San Francisco General Plan. These conditions have not been alleviated by the private sector or by governmental actions. It is unlikely that they will be alleviated in the future without redevelopment assistance. The Redevelopment Program, as described in Chapter VI, will be made possible through adoption of the Plan Amendment.

# III. Report on Urbanization

## A. Introduction

Under the CRL, a project area must be urbanized and blighted to qualify for redevelopment. The CRL requires an assessment of the urbanization for areas that are being added to an existing project through an amendment process. This chapter documents the extent of urbanization in Project Area B. An assessment of the extent of urbanization for Project Area A is not necessary. Chapters IV and V, as well as Appendices C and E, provide substantial documentation supporting a finding that Project Area B is blighted and in need of redevelopment.

## B. Urbanization Methodology

Conclusions regarding the extent of urbanization in Project Area B are supported by:

- Field reconnaissance surveys,
- Review of available maps,
- Review of aerial photographs, and
- Information provided by City staff.

Following the completion of field reconnaissance surveys and the assembly and analysis of available background information, areas fitting into the various urbanization categories were outlined on maps and the total land area was calculated within each category.

## C. Urbanization Requirements of the CRL

### 1. Reporting Requirements

The CRL requires a description of a project area that is sufficiently detailed to permit a determination that a proposed redevelopment project area (or area proposed to be added to an existing project area) is predominantly urbanized. This chapter fulfills this requirement.

### 2. CRL Definition of a Predominantly Urbanized Area

The provisions of CRL Section 33320.1(b) and (c) pertaining to a definition of “predominantly urbanized” are as follows:

*(b) As used in this section, “predominantly urbanized” means that not less than 80 percent of the land in the project area:*

*(1) Has been or is developed for urban uses; or*

(2) *Is characterized by the condition described in paragraph (4) of subdivision (a) of Section 33031;<sup>1</sup> or*

(3) *Is an integral part of one or more areas developed for urban uses, which are surrounded or substantially surrounded by parcels, which have been or are developed for urban uses. Parcels separated by only an improved right-of-way shall be deemed adjacent for the purpose of this subdivision.*

(c) *For the purposes of this section, a parcel of property as shown on the official maps of the county assessor is developed if that parcel is developed in a manner which is either consistent with zoning or is otherwise permitted under law.*

### **3. Prohibition on Enforceably Restricted Open Space and Agricultural Land**

CRL Section 33321.5 prohibits an agency from including in a redevelopment area agricultural land or open space land that is enforceably restricted.

*(a) Agricultural land and open-space land that is enforceably restricted shall not be included within a project area.*

## **D. Extent of Urbanization in Project Area B**

### **1. Analysis**

The analysis clearly demonstrates that Project Area B meets the urbanization requirements of the CRL. The analysis of the extent of urbanization presented below is based upon the three categories used in the definition of “predominantly urbanized” in Section 33320.1(b) of the CRL (see above). The analysis, summarized in Table III-1, located at the end of the chapter, indicates that 1,174.2 acres (86 percent of Project Area B) are predominately urbanized, thus meeting the requirement that at least 80 percent of the area be urbanized.

#### **a. Area that Has Been or Is Developed for Urban Uses**

Field reconnaissance surveys have revealed that a substantial portion of Project Area B has been or is developed for urban uses. This category includes 1,166.5 acres (or 86 percent of Project Area B), and thus the urbanization requirement of the CRL is met by this category alone.

#### **b. Inclusion of Areas Characterized by the Conditions Described in Subdivision (a)(4) of Section 33031**

No area that meets the description of “subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership” as defined in CRL 33031(a)(4) has been included for the purpose of urbanization analysis.

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<sup>1</sup> Paragraph (4) of subdivision (a) of Section 33031 states “the existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.”

### **c. Inclusion of Areas that are Integral Parts of Developed Areas**

Project Area B includes 7.7 acres (or 0.6 percent) that have been designated as integral parts of an area developed for urban uses. Although these areas are currently undeveloped, they are surrounded or substantially surrounded by urbanized land and are an integral part of fully urbanized commercial, industrial and residential areas. These properties are shown on Figure III-1, located at the end of this chapter, and described as follows:

#### **Area 1**

This two parcel, 3.2-acre area is surrounded by Cesar Chavez to the north, Highway 280 right of way to the west, Islais Creek Channel to the south and property owned by the City and County of San Francisco to the east that is currently being used for outside storage by the Department of Public Works. One parcel of Area 1 is located next to and underneath an elevated portion of Highway 280. The parcel is vacant and undeveloped, although it contains a small gravel roadway. The other parcel is mostly vacant, with a small portion used as outdoor storage. A chain link fence surrounds all of the area and separates the parcels.

#### **Area 2**

This 1.2-acre area consists of vacant and undeveloped land located north of Bridgeview Drive between Newhall Street and Quint Street. The area is situated on a steep slope and is surrounded by residential properties.

#### **Area 3**

This rectangular shaped parcel is 1.2 acres and contains a railroad right of way. The southern portion of the parcel contains railroad tracks and the northern portion is a tunnel entrance for the railroad. The land above the railroad tunnel is vacant. Area 3 is surrounded by single family residences on Diana, Reddy and Thorton Streets and the southern boundary is Williams Street.

#### **Area 4**

This area totals 0.3 acres. The majority of the area is undeveloped land on a steep slope abutting Bayshore Boulevard to the west and south. Single-family residences and a motel are located to the east and north of Area 4.

#### **Area 5**

This 1.8-acre area consists of eleven underutilized and vacant parcels located on both sides of Innes Avenue between Hawes Street and Middle Point Road. They are situated on a slope, near several San Francisco Housing Authority properties and other residential properties.

## **2. Inclusion of Unurbanized Land for Planning Purposes**

Approximately 185.7 acres (or 14 percent) of Project Area B have been included in the unurbanized land for planning purposes category. The areas have been included to facilitate proper planning, provide logical project boundaries and ensure proper future use of land in Project Area B. These areas are shown on Figure III-1 (located at the end of this Chapter) and described as follows:



## **Area A**

This 165.9-acre area of unurbanized land is located in the southeast portion of Project Area B along the shoreline. The majority of this area is Candlestick Point State Recreation Area, which runs along the shoreline from Candlestick Point, around Yosemite Slough, to the southern boundary of Hunters Point Shipyard.<sup>2</sup> The state recreation area featuring fishing, hiking, picnicking, windsurfing and wildlife viewing. As stated in Section C.3 above, the CRL prohibits from inclusion in a project area agricultural land and open space land that is enforceably restricted. Although the state recreation area is open space, it is not “enforceably restricted” as defined by Sections 422 and 422.5 of the State of California Revenue and Taxation Code and thus, is permitted to be included in Project Area B.<sup>3</sup>

The remaining unurbanized land in Area A includes city-owned parcels used for overflow parking at Candlestick Park, a small recreational vehicle park near Candlestick Park, privately-owned vacant land near Yosemite Slough and city-owned vacant parcels north of Yosemite Slough. Illegal dumping occurs on many of private and publicly owned parcels near Yosemite Slough, despite enforcement efforts by the San Francisco Police Department and the Recreation and Park Department.

## **Area B**

Area B is 19.8 acres of vacant and unurbanized land. It includes five parcels on the western edge of Jamestown Road from Ingalls Avenue to Harney Avenue. Located near the base of Candlestick Hill, this portion of the area is used as overflow parking during events at Candlestick Park. The other portion of Area B, located on the eastern side of Jamestown Road, is part of the parcel containing Candlestick Park. The land is vacant and unurbanized with steep slopes.

### **3. Inclusion of Agricultural Land**

Section 33344.5(c)(3) of the CRL requires identification of lands in agricultural use within the boundaries of a redevelopment project (agricultural use is defined in Section 51201(a) and (b) of the Government Code). No agricultural land is located within the boundaries of Project Area B.

### **4. Conclusion Regarding Urbanization**

The analysis presented above and in Figure III-1 and Table III-1 clearly demonstrates 86 percent of Project Area B is predominantly urbanized, thus meeting the requirement that at least 80 percent of a redevelopment project area be urbanized.

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<sup>2</sup> Portions of the Recreation Area are developed for park uses and are urbanized. However, it is not clear which areas are former marshlands that have been subsequently filled. To be conservative, the entire area is included as unurbanized.

<sup>3</sup> According to Section 422 of the Revenue and Taxation Code, open space land is defined as “enforceably restricted” if it is subject to any of the following: (a) contract; (b) an agreement; (c) a scenic restriction entered into prior to January 1, 1975; (d) an open space easement; or (e) a wildlife habitat contract. Section 422.5 states that open space land is “enforceably restricted” if it is subject to an agricultural conservation easement.

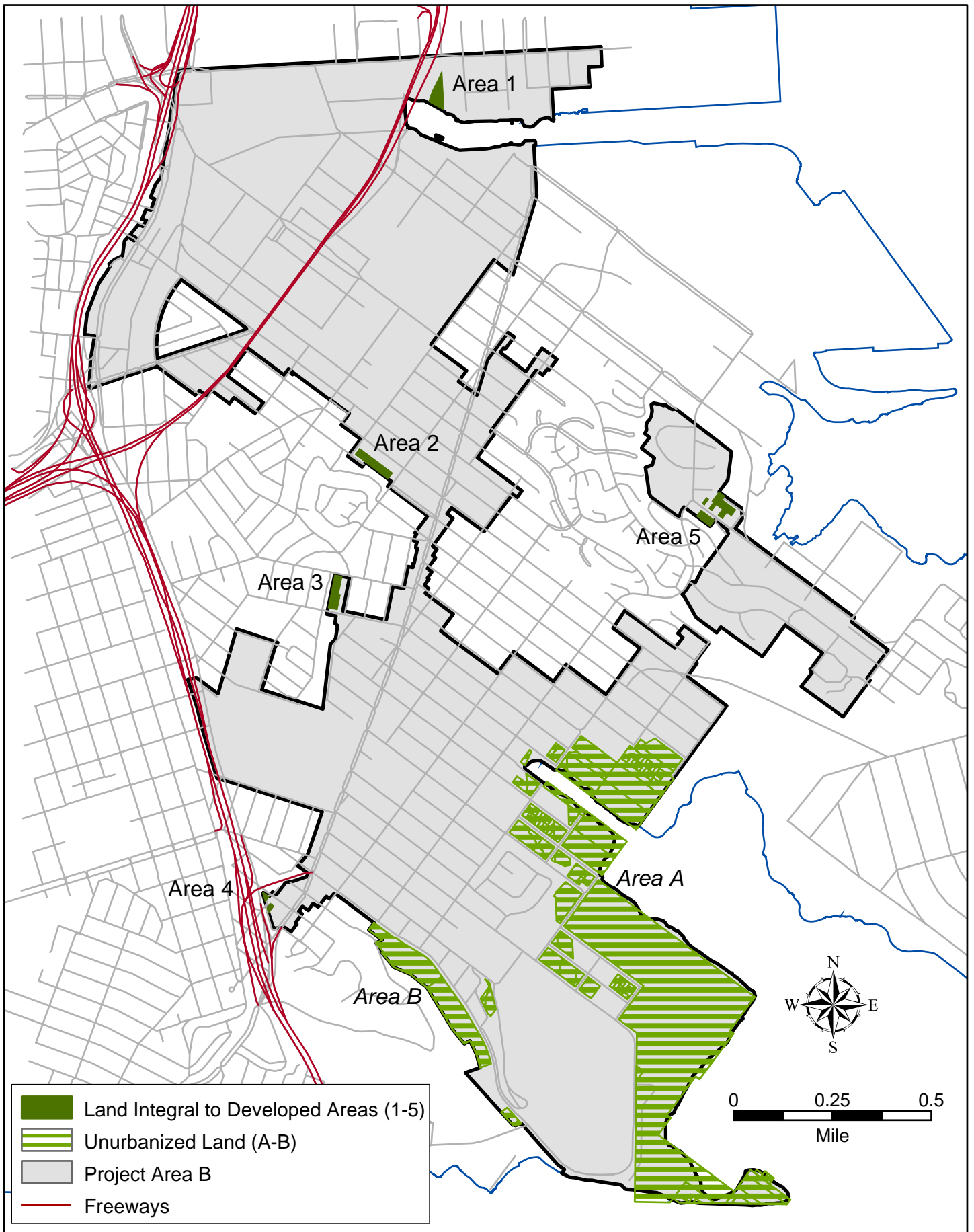
**Table III-1  
Calculation of The Extent of Urbanization**

**Part One: Extent of Urbanization**

<u>Urbanization Categories</u>	<u>Acres</u>	<u>Percent</u>
1. Area that has been or is developed for urban uses	1,166.5	86%
2. Area that is characterized by the conditions described in subdivision (a)(4) of Section 33031	0	0%
3. Area that is an integral part of an area developed for urban uses	<u>7.7</u>	<u>&lt;1%</u>
<b>Total Predominantly Urbanized Area</b>	<b>1,174.2</b>	<b>86%</b>
4. Unurbanized areas included for planning purposes	<u>185.7</u>	<u>14%</u>
<b>Total Urbanized and Unurbanized</b>	<b>1,359.9</b>	<b>100%</b>

**Part Two: Inclusion of Agricultural Land**

<u>Urbanized and Unurbanized</u>	<u>Acres</u>	<u>Percent</u>
1. Predominantly urbanized land in agricultural use	0	0%
2. Unurbanized land in agricultural use	<u>0</u>	<u>0%</u>
<b>Total Land in Agricultural Use</b>	<b>0</b>	<b>0%</b>



**SFPRA** **FIGURE III - 1**  
**Urbanization Map**

**Hunters Point Redevelopment Project**  
Source: SFRA; San Francisco Planning Department;  
Seifel Consulting, 2002-2003 Field Surveys

# IV. Adverse Physical Conditions

## A. Introduction

The CRL requires findings of a combination of adverse physical and economic conditions that are prevalent and substantial in order for an area to be eligible for redevelopment. This chapter describes the remaining adverse physical conditions in Project Area A and includes documentation of the physical blighting conditions present in Project Area B. The text, tables and figures included in this chapter, Chapter V and the appendices, including the photographs contained in Appendix C, demonstrate that blighting conditions are substantial and prevalent in Project Area B and constitute the description and map of blighting conditions required by the CRL.

## 1. Chapter Organization

This chapter is organized into the following sections:

- Section A provides an overview of Chapter IV and describes the CRL requirements related to blight, inadequate public improvements, and areas included for effective redevelopment.
- Section B summarizes the blight findings in Project Area A at the time of the Redevelopment Plan adoption in 1969, Agency projects and activities from Plan adoption to the present, and the remaining adverse conditions.
- Section C documents adverse physical conditions in Project Area B in accordance with the definitions of physical blight as specified in CRL Sections 33030 and 33031.
- Section D discusses the area proposed to be included in Project Area B for purposes of effective redevelopment.
- Section E includes the conclusion for physical blighting conditions.

## 2. Relevant Provisions of the CRL

CRL Section 33354.6 delineates the procedures and requirements for redevelopment Plan Amendments. For a Plan Amendment in which new territory is being added to an existing project area, an agency is required to follow the same procedures as a new plan adoption. This CRL section also requires that for amendments increasing the limit on tax increment, the report to the legislative body required by the CRL must describe and identify remaining blight, as well as areas that are no longer blighted. While the Plan Amendment would not increase the limit on tax increment collection, Section B describes the remaining blight in Project Area A according to the blight definitions at the time the Redevelopment Plan was originally adopted in order to provide comprehensive information on the Project Area (Project Area A and Project Area B). The ordinance adopting the Plan Amendment must contain a finding that Project Area B is blighted and that public intervention in the form of redevelopment is necessary. The CRL requires the documentation of blight in Project Area B to be based on the current CRL blight definitions, which are presented below.

**a. CRL Definitions of a Blighted Area**

CRL Section 33030 describes the characteristics of a blighted area as follows:

- (a) *It is found and declared that there exist in many communities blighted areas which constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state.*
  
- (b) *A blighted area is one that contains both of the following:*
  - (1) *An area that is predominately urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.*
  
  - (2) *An area that is characterized by either of the following:*
    - (A) *One or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.*
  
    - (B) *The condition described in paragraph (4) of subdivision (a) of Section 33031.*
  
- (c) *A blighted area also may be one that contains the conditions described in subdivision (b) and is, in addition, characterized by the existence of inadequate public improvements, parking facilities, or utilities.*

**b. Physical Conditions That Can Be Used as Evidence of Blight**

CRL Section 33031(a) defines physical conditions that cause blight as follows:

Deficient or Deteriorated Buildings

*Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors. [33031(a)(1)]*

Factors that Inhibit Proper Use of Buildings or Lots

*Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors. [33031(a)(2)]*

Incompatible Uses

*Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area. [33031(a)(3)]*

## Substandard Lots in Multiple Ownership

*The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership. [33031(a)(4)]*

### **c. Inadequate Public Improvements**

Under the CRL, the presence of inadequate public improvements cannot be the sole reason for redevelopment. However, as specified in subsection a. above, CRL Section 33030(c) permits consideration of inadequate public improvements when blighting conditions exist in a project area. Inadequate public improvements may be a contributing factor to blight, and an agency may undertake needed public improvements to alleviate blight. To the extent they are present, inadequate public improvements typically reflect problems that exaggerate the effects of blight. Public improvement deficiencies contribute to blighting conditions in Project Area B, as discussed in Section C.

### **d. Areas Included for Purposes of Effective Redevelopment**

The CRL allows certain non-blighted areas to be included in a redevelopment project area if their inclusion is necessary for effective redevelopment or for affordable housing purposes. Areas may be included if they are necessary for the effective redevelopment of the area, under the provision of CRL Section 33321, which states:

*A project area may include lands, buildings, or improvements which are not detrimental to the public health, safety or welfare, but whose inclusion is found necessary for the effective redevelopment of the area of which they are a part. Each such area included under this section shall be necessary for effective redevelopment and shall not be included for the purpose of obtaining the allocation of tax increment revenue from such area pursuant to Section 33670 without other substantial justification for its inclusion.*

The Plan Amendment proposes to include one area to be added to the Project Area for the purpose of effective redevelopment. The area is comprised of the Morgan Heights and Mariners Village housing developments. Section D describes the reasons why this area is included for purposes of effective redevelopment.

## **3. Map of Blighting Conditions**

CRL Section 33352(b) requires the Report on the Plan Amendment include a map indicating where blighting conditions exist. Numerous figures throughout this chapter and Appendix C summarize and locate various blighting conditions in Project Area B. Together, these figures constitute the map of blighting conditions required by the CRL. The map of blighting conditions has been broken into these separate figures for ease of reading and reference due to the substantial amount of information provided about blight in Project Area B. The figures, taken together, demonstrate that blighting conditions are substantial and prevalent throughout and affect properties in Project Area B. This chapter also includes a figure indicating the location of one of the adverse conditions in Project Area A.

## **B. Adverse Conditions in Project Area A**

In 1969, the Board of Supervisors adopted the Redevelopment Plan for the Hunters Point Project Area. The Board of Supervisors considered the 1968 Report on the Redevelopment Plan for the Project Area, and found that the area included temporary wartime housing, was blighted, and needed redevelopment.

The 1968 Report provided documentation of adverse physical, social and economic conditions as defined in the CRL at the time of the Plan's adoption. The following subsections describe the conditions at the time of plan adoption, activities to date, and remaining adverse conditions.

## **1. Conditions in Project Area A at Time of Plan Adoption**

As discussed in Chapter II, prior to redevelopment, Project Area A was comprised of vacant land and temporary wartime housing built by the federal government during World War II. CRL Section 33038 provides that blighted areas may include housing areas constructed as temporary government-owned wartime housing projects, and that such areas may be characterized by one or more blighting conditions as defined by the CRL. Following are the definitions of the conditions causing blight in 1969, as identified in the December 18, 1968 Report on the Redevelopment Plan:

- Buildings and structures unfit for occupancy because of their defective design or construction; because of overcrowding; because of inadequate provision for light, air and sanitation; or because of age, deterioration, dilapidation and mixed-uses.
- Economic dislocation, deterioration, or disuse.
- Inadequate subdivision of lots as to their shape and size with regard to proper use of the land and the physical characteristics of the ground.
- Inadequate streets, open spaces, and utilities.
- Prevalence of depreciated values, impaired investments, and social and economic maladjustment.
- Lack of proper utilization of the land.<sup>1</sup>

The December 1968 Report on the Plan identified a number of blighting conditions:

- Physical Conditions: Deteriorated wartime housing structures; substandard housing to a degree warranting clearance; serious code violations such as poor foundations, inadequate heating and electrical systems, deteriorating exterior walls, and sagging floors; deficient public facilities and utility systems, including inadequate public streets and parking, unimproved streets, and lack of sidewalks; substandard utility systems installed with substandard materials, and of inadequate capacity; and a lack of landscaping or lack of maintenance of landscaping creating hazards.
- Social Conditions: Health and safety concerns, such as evidence of health problems such as high incidences of tuberculosis and premature birth; and economic maladjustment, including a median income 25 percent below the citywide median.
- Economic Conditions: Lack of amenities and minimal accommodations resulting in impaired investments, such as minimal income on monthly rents, excessive maintenance costs, and steady decline in local business, with the commercial businesses on the ridge all but abandoned.

## **2. Redevelopment Activities from Plan Adoption to the Present**

Four major objectives were established as the basis for the Redevelopment Plan:

- Remove structurally substandard buildings, eliminate blighting influences, provide land for needed public facilities, remove impediments to land development, and achieve changes in land use.
- Provide the framework within which restoration to the economic and social health of the Project and its environs will be accomplished by private actions.

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<sup>1</sup> Report on the Redevelopment Plan for the Hunters Point Redevelopment Project Area, San Francisco Redevelopment Agency, December 18, 1968, p. 7.

- Provide sound and attractive residences of low and moderate cost with emphasis on the provision of a substantial amount of low to moderate priced private housing suitable to the needs of the existing residents.
- Guide development towards the production of a satisfying urban environment, which will enrich the social, educational, and cultural life of the community while preserving and enhancing the unique qualities of the City.<sup>2</sup>

Many projects and activities have been undertaken in Project Area A since the adoption of the Redevelopment Plan. The Agency provided redevelopment assistance for the rehabilitation of existing structures, acquisition of real property, relocation assistance, street vacation and realignment, construction of infrastructure and utilities, installation of public areas, sale or lease of land, removal of substandard buildings and impediments to development, and provision of affordable housing.

As described above, much of Project Area A has been redeveloped through activities supported by the Agency, and almost all of the conditions of blight have been alleviated. The area has been transformed into a new residential community with educational and recreational uses. Supporting commercial uses were located in the adjacent India Basin Industrial Park Project Area. Over 1,700 units of housing have been developed in Project Area A, and 122 units of existing housing on the western edge of Project Area A were rehabilitated.<sup>3</sup> Over 80 percent of the new units, which are medium density and family-sized, are affordable to low- and moderate-income households. Table IV-1 contains a summary of the housing developments constructed in Project Area A.

**Table IV-1  
Housing Development in Project Area A  
Hunters Point Redevelopment Project**

<b>Housing Development</b>	<b>Total Units</b>
Affordable Rental Housing	1,230
Affordable Ownership Housing	354
Market Rate Housing	269
<b>Total of Housing Units Completed</b>	<b>1,853</b>
Housing Due to be Completed	46

Source: San Francisco Redevelopment Agency, Hunters Point Redevelopment Project Area Implementation Plan (1999-2004).

### **3. Adverse Conditions in Project Area A**

While many redevelopment actions have substantially improved Project Area A since the adoption of the Redevelopment Plan in 1969, recent field surveys and other analyses indicate that the area is adversely impacted by vacant lots and crime.

<sup>2</sup> Report on the Redevelopment Plan for the Hunters Point Redevelopment Project Area, San Francisco Redevelopment Agency, December 18, 1968, p. 11.

<sup>3</sup> Fact Book, San Francisco Redevelopment Agency, May 1999, p. 23,



## **Vacant Lots**

Project Area A contains two vacant parcels, one at the southeast corner of Keith Street and Fairfax Avenue (Site AA-3), and the other at the west corner of Whitney Young Circle and Hudson Avenue (Site EE-2). Both of these parcels have steep slopes that hinder development of the parcels. The Agency plans to facilitate the redevelopment of both parcels. Figure IV-1 delineates the two vacant parcels.

## **Crime**

Project Area A is negatively impacted by crime. It is located in the Bayview District of the San Francisco Police Department (SFPD), which is served by the Bayview Station located at 201 Williams Street. According to the San Francisco Housing Authority (SFHA) staff, criminal activity has had a tendency to “migrate” outside of the SFHA properties into Project Area A, which is adjacent to San Francisco Housing Authority (SFHA) properties. Housing developments in Project Area A have hired private security services to patrol their neighborhoods and discourage criminal activities.<sup>4</sup> The private security services of the SFHA properties and adjacent developments within Project Area A are working in conjunction with SFPD to reduce crime in the SFHA properties and its impact on Project Area A. However, despite these efforts, crime continues to negatively impact Project Area A.

## **4. Eligibility for Future Redevelopment Action**

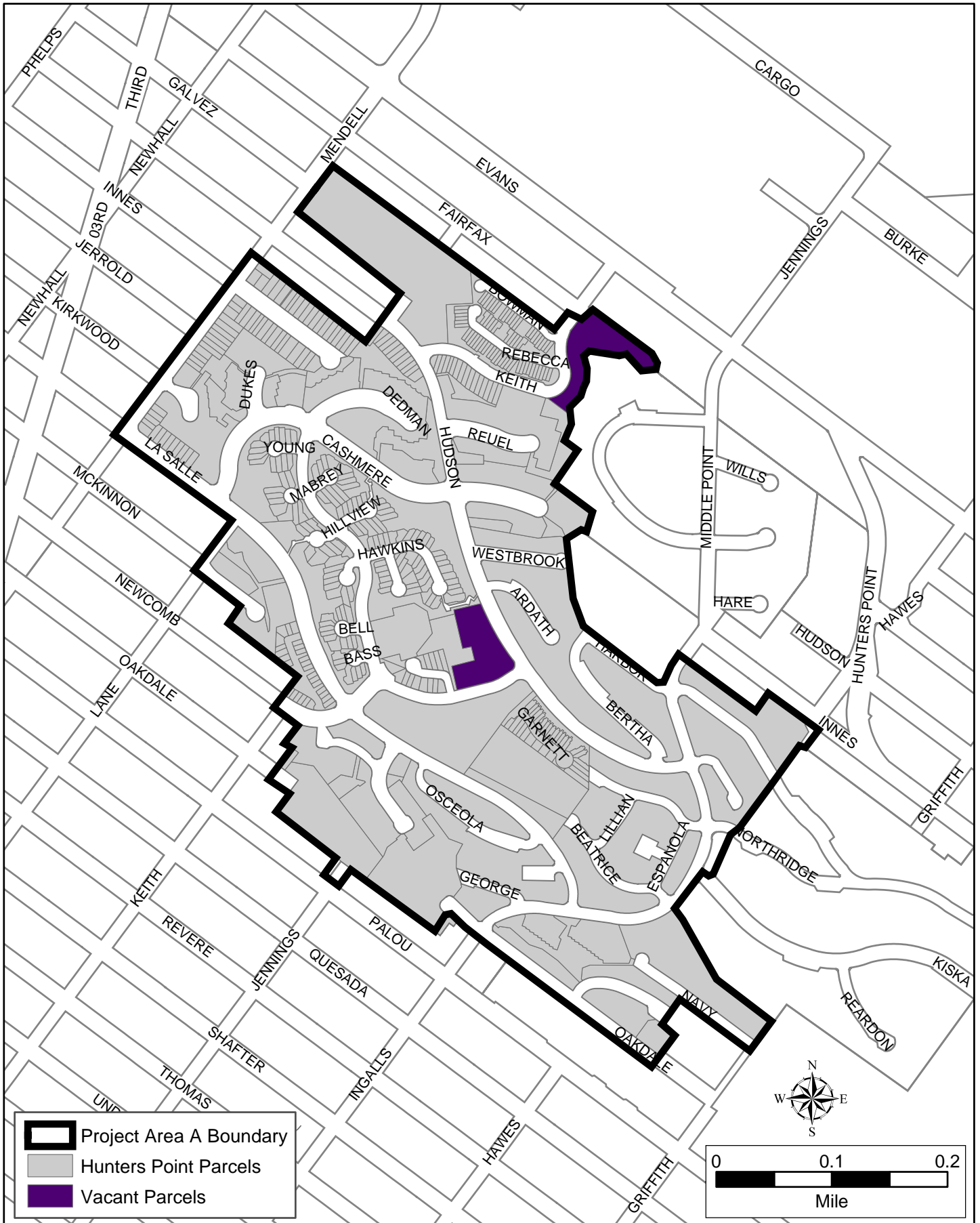
The continued presence of blighting conditions warrants continued redevelopment activities within the boundaries of Project Area A. The Agency is currently in the process of implementing redevelopment activities that will facilitate the development of the vacant lots in Project Area A:

- The Agency owns Site AA-3 and plans to convey it to the SFHA, which has proposed to develop 22 affordable attached homes on the site.
- The Agency plans to develop 24 affordable single-family homes on Site EE-2.
- The Agency is finalizing plans to improve Shoreview Park.

The Agency can complete these activities within the existing fiscal and time limits for Project Area A. In addition, as part of the proposed Plan Amendment, the Agency plans to assist with activities that will result in a reduction of the high crime rates in Project Area A and Project Area B.

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<sup>4</sup> Interview with Mike Roetzer, San Francisco Housing Authority, May 20, 2004.



**SI**  
**RA** **FIGURE IV - 1**  
**Project Area A - Vacant Lots**

## **C. Adverse Physical Conditions in Project Area B**

As described in Chapters I through III and below, the Agency has identified an area adjoining Project Area A that suffers from physical blighting conditions. Conditions in Project Area B detract from the redevelopment improvements that have been completed in Project Area A, and Project Area B would benefit from its designation as a redevelopment project area. Revitalization of Project Area B would complement activities undertaken in Project Area A and achieve the objectives described in Chapters I, II and VI.

As required by the CRL, this section describes the physical blighting conditions in Project Area B. Adverse physical conditions contributing to the presence of blight include three of the four factors of physical blight as specified in the CRL and generally described as:

- Deficient or deteriorated buildings,
- Factors that inhibit proper use of buildings or lots,
- Incompatible uses, and
- Substandard lots in multiple ownership.

### **Methodology**

Physical blighting conditions were evaluated under the blight definitions contained in the CRL through the following methods:

- Field surveys of Project Area B existing conditions, including a building conditions survey, described in Subsection 1, below.
- Review and analysis of technical documents and data from public and private agencies.
- Discussions with government staff and persons knowledgeable about the area.

Refer to Appendix A for a complete list of documents and data sources used in the physical blight documentation.

### **1. Unsafe, Deficient or Deteriorated Buildings [33031(a)(1)]**

The comprehensive building conditions survey and analyses described below indicate Project Area B contains a substantial number of deficient buildings and structures, including Candlestick Stadium and all of the buildings located within the four SFHA developments.

The survey indicates 50 percent of all buildings in Project Area B suffer from very extensive or extensive deficiencies. Photographic examples of unsafe, deficient and deteriorated buildings are presented in Appendix C.

### **a. Age and Condition of Typical Buildings**

Project Area B has a wide range of building ages and conditions, with many buildings older than 100 years old. A significant number of older buildings are deteriorated, dilapidated, or, in some cases, abandoned. Many of these buildings have conditions that make them unsafe or unhealthy as places to live or work. Building ages reflect design and construction practices, contributing to whether buildings are safe to occupy and use. The buildings surveyed in Project Area B tend to be older and a significant number are severely deteriorated. According to City Assessor's Office data provided by MetroScan, approximately 71 percent of the primary buildings surveyed (and for which the year of construction is listed in the Assessor's data) were constructed prior to the adoption of the 1955 edition of the Uniform Building Code (UBC). (Refer to in Table IV-2.)

Typically, the most deteriorated buildings of those surveyed were older buildings. Many of the buildings constructed prior to 1955 were of relatively inexpensive construction and some have informally constructed additions. Many of the older buildings in Project Area B, including residential, commercial and industrial buildings, are dilapidated or extensively deteriorated. These buildings exhibit conditions such as missing or substandard foundations; substandard construction; fire or earthquake damage; unsafe chimneys; missing gutters and downspouts; deteriorated siding, paint and roofing; faulty plumbing and electrical wiring; and sagging porches or additions.

Unless retrofitted, structures built prior to the adoption of the 1955 edition of the UBC are more susceptible to earthquake damage. As further discussed in Section C.2.a, older buildings in earthquake zones can be considered unsafe. Conditions commonly found in such buildings include inadequate foundations, a lack of adequate foundation connections, informal and substandard construction, weak cripple walls, dry rot, termite damage or poor design. As 71 percent of the primary buildings surveyed were built prior to the 1955 UBC, these structures are of particular concern. In addition, buildings constructed prior to 1970 would not meet current design provisions of the UBC for earthquake forces, and thus, an additional 17 percent of the primary structures may be at risk during an earthquake, as is presented in Table IV-2. In total, nearly 88 percent of the primary buildings surveyed in Project Area B are potentially unsafe in the event of an earthquake. (Refer to Section C.2.a for further information on earthquake hazards.)

Project Area B's large stock of wood frame, single-family homes is particularly vulnerable to earthquakes, especially those structures located in seismic hazard zones. According to the U.S. Census, the majority of the housing units in Project Area B are over 45 years old.<sup>5</sup> Many of these units have not aged well and show signs of neglect and deferred maintenance. The typical useful life of a single-family home or apartment building is 45 to 55 years, and accordingly most of the housing in Project Area B has reached its normal useful life, unless major renovation has occurred.<sup>6</sup> The age of the structure impacts the condition of the building, and as evidenced above many of the structures in Project Area B are outdated and deteriorated.

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<sup>5</sup> U.S. Census 2000. Note: the City Assessor's office data includes information on buildings. The U.S. Census does not have information on buildings; however, it has data on housing units.

<sup>6</sup> Typical life expectancy for normal wood frame construction is 45 years for apartment buildings, and 45 to 55 years for single-family homes. Marshall Valuation Service, Marshall & Swift, 2002, Section 97, pp. 5-11.

**Table IV-2  
Age of Buildings  
Hunters Point Redevelopment Project**

<b>Year Built</b>	<b>Number of Buildings<sup>a</sup></b>	<b>Percent of Buildings</b>
Pre 1940	1,227	51.2%
1940-1954	471	19.6%
1955-1969	401	16.7%
1970-1984	104	4.3%
Post 1985	195	8.1%
<b>Total</b>	<b>2,398</b>	<b>100.0%</b>

Note: Figures may not add due to rounding.

a. For parcels with multiple buildings, includes primary buildings only. Excludes buildings without a building year listed. Excludes Morgan Heights, Mariners Village, San Francisco Housing Authority properties, and Candlestick Stadium. Only includes buildings rated in field survey.

Source: MetroScan, field survey performed by Seifel Consulting Inc. and 3D Visions.

**b. Building and Existing Conditions Survey**

Methodology

In the summer and fall of 2002, consultants retained by the Agency conducted an in-depth field survey of over 2,600 parcels to assess existing conditions in an area selected by the Agency, with the assistance of the Bayview Hunters Point Project Area Committee (PAC). In 2003, the PAC recommended minor refinements to Project Area B boundary to evaluate over 600 additional parcels. In the summer and fall of 2003, Seifel Consulting and 3D Visions surveyed these additional parcels. An individual electronic survey form was completed for each parcel in the area surveyed. As part of the survey process, surveyors completed assessments of both building and parcel conditions.

Survey Form

The Agency and several of its consultants spent considerable time creating and refining the survey form. John B. Dykstra was retained by the Agency to design a single survey form to replace various forms in use by the Agency. In July 2002, Seifel Consulting and 3D Visions worked closely with John B. Dykstra and Agency staff to develop the Existing Conditions Survey Form. The form includes two sections: Building Conditions (Deficient or Deteriorated Buildings) and Adverse Physical and Economic Conditions (Field Observations). The survey gathered information in seven categories:

- Building identification,
- Primary building condition indicators,
- Secondary building condition indicators,
- Building condition conclusions,
- Adverse physical conditions other than building conditions,
- Adverse economic conditions, and

- Adverse environmental conditions.

### Survey Team Training

A team of redevelopment professionals from Seifel Consulting and 3D Visions conducted the survey, with the assistance of John B. Dykstra & Associates, a redevelopment-consulting firm with over 30 years of experience in evaluating building conditions. In July 2002, all surveyors attended a field survey training conducted by John B. Dykstra, who prepared the survey form and guidelines to be used as a training manual and guide for the survey. The form and guidelines are presented in Appendix D.

### Standards and Criteria

The general standards and criteria used in assessing the physical condition of buildings are summarized in Table IV-3. The field survey evaluated and rated the condition of every major building in Project Area B, except for the SFHA developments and Candlestick Stadium. Building conditions ratings range from extensively dilapidated to excellent. The surveyors considered a wide range of adverse physical conditions when rating buildings. Some of these conditions, such as serious structural problems or unreinforced masonry construction, may be considered major indicators of physical blight, while other conditions, such as peeling paint, may be considered relatively minor indicators of physical blight. Table IV-3 presents the criteria used in assessing the conditions of buildings, with a scale of 1 to 5 used to assign ratings of overall building conditions.

### Survey Process

The surveyors conducted the surveys on foot and from bicycles, making observations from adjacent streets or sidewalks. Using the survey form and the guidelines, surveyors identified adverse physical, economic, and environmental conditions.

### Quality Assurance Process

To assure the survey's accuracy, a thorough quality assurance process was used to check the survey data. John B. Dykstra performed quality control work on the survey. Seifel Consulting and 3D Visions conducted additional quality control. As a result of these efforts, each parcel survey was checked in the database, and more than 20 percent of the survey forms were checked in the field.

## **c. Building Conditions Survey Results**

### Overall Building Conditions

Seifel Consulting surveyed and analyzed a total of 3,255 parcels and 2,738 buildings in Project Area B. Because Morgan Heights and Mariners Village are included in Project Area B only as necessary for effective redevelopment, they are not included in the building conditions analysis and results. The data collected from the 2,738-field survey building evaluations indicate the following:<sup>7</sup>

- Over 50 percent of buildings surveyed had one or more defective primary building conditions such as extensive deterioration, general dilapidation, serious cracks in walls/foundation, sagging roof/walls/floors, or general alignment problems.
- Over 80 percent of buildings surveyed had defective secondary building conditions such as peeling/faded paint, deteriorated siding/trim, deteriorated windows/doors, extensive deferred maintenance, deteriorated roofing/eaves, mold/mildew/water damage, cracked/poorly repaired stucco, missing/rusted downspouts, missing/rusted gutters, and dry rot/termite damage.

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<sup>7</sup> The 2,738 building surveyed do not include SFHA properties and Candlestick Park. Analyses of these buildings were based on reports, discussions with staff and a separate field survey.

**Table IV - 3  
Building Conditions Assessment**

<b>STANDARDS USED IN ASSESSING BUILDING CONDITIONS</b>	
Specific Standard:	The provisions of the California Community Redevelopment Law pertaining to blight
General Standard:	The relative cost of correcting building deficiencies, code compliance problems, and seismic safety problems to a degree sufficient to ensure a relatively long-term physical and economic life (i.e., 20-40 years)

<b>Building Condition Rating</b>	<b>General Condition</b>	<b>Likely Cost of Correcting Deficiencies<sup>6</sup></b>	<b>Potential for Private Economic Rehabilitation<sup>7</sup></b>
1	Very extensive physical/structural deficiencies (often dilapidated) <sup>1</sup>	Very high	Very difficult, if not impossible
2	Extensive physical/structural deficiencies <sup>2</sup>	High	Difficult
3	General good condition, some deficiencies present <sup>3</sup>	Significant	Possible
4	Relatively few deficiencies present <sup>4</sup>	Low to moderate	Relatively easy
5	General excellent condition <sup>5</sup>	Minor to low	None required

1. Typical conditions present include Major Adverse Physical Conditions or a significant combination of Other Adverse Physical Conditions. Nearly all of these buildings have conditions that make them unsafe or unhealthy for occupancy.
2. Typical conditions present include a number of Other Adverse Physical Conditions or significant cumulative deferred maintenance. Many of these buildings have conditions that make them unsafe or unhealthy for occupancy.
3. Typically some Other Adverse Physical Conditions are present.
4. Typically few Other Adverse Physical Conditions are present.
5. Typically no Other Adverse Physical Conditions are present.
6. To the "General Standard" set forth above.
7. Without redevelopment assistance.

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<b>ADVERSE PHYSICAL CONDITIONS CONSIDERED IN ASSESSING BUILDING CONDITIONS</b>
<p><b>Major Adverse Physical Conditions</b></p> <ul style="list-style-type: none"> <li>▪ General dilapidation (very serious deterioration of entire structure or major parts thereof)</li> <li>▪ Apparent abandonment (vandalized or boarded up buildings)</li> <li>▪ Structural failure (cracking or subsided foundations, sagging walls or roofs, etc.)</li> <li>▪ Structural weakness (buildings without adequate foundations, substandard construction, unreinforced masonry walls, etc.)</li> </ul> <p><b>Other Adverse Physical Conditions</b></p> <ul style="list-style-type: none"> <li>▪ Potential seismic weakness</li> <li>▪ Deferred maintenance and neglect</li> <li>▪ Broken windows</li> <li>▪ Peeling or faded paint</li> <li>▪ Sagging porches</li> <li>▪ Dry rot in walls, window frames, door frames, doors, roof rafters, and trim</li> <li>▪ Deteriorated, damaged, poorly repaired, or excessive layers of roofing materials</li> <li>▪ Cracks or loose bricks in chimneys</li> <li>▪ Deteriorated, broken, or loose siding materials</li> <li>▪ Deteriorated or broken stucco walls</li> <li>▪ Rusted, deteriorated, or missing roof drainage gutters or down spouts</li> <li>▪ Faulty wiring or plumbing</li> <li>▪ Old and possibly substandard and hazardous electrical service</li> <li>▪ Eroded mortar or loose bricks in masonry walls</li> <li>▪ Informal or substandard construction</li> </ul>

At the Agency's request, the surveyors did not evaluate Candlestick Stadium and the SFHA buildings, because extensive analyses and reports on the conditions of this structure and these buildings are available. Reports and information on these buildings indicate that all of the 162 SFHA buildings have very extensive physical and/or structural deficiencies (building condition rating 1). The information on Candlestick Stadium (one structure) indicates extensive physical and/or structural deficiencies (building condition rating 1). Refer to Subsections C.1.d and C.1.e below for further information on these structures.

The building conditions survey found a large number of substandard, deteriorated, and dilapidated buildings in Project Area B. The 2,738 buildings examined in the field, the 162 SFHA buildings, and Candlestick Stadium were assigned overall ratings based on their condition. Of the total 2,901 buildings evaluated, 1,457, or 50 percent, were found to be in the lower two categories of building condition ratings (building condition rating 1, very extensive physical/structural deficiencies, or building condition rating 2, extensive physical/structural deficiencies). Building condition ratings for individual buildings are summarized in Table IV-4. To protect the privacy of property owners and building occupants, ratings for individual buildings are not reported. Figure IV-2 indicates the general location of buildings with very extensive physical deficiencies. Figure IV-3 indicates the general location of buildings with extensive physical building deficiencies. Appendix C presents photographs of buildings with physical deficiencies.

#### **d. Condition of Buildings in SFHA Housing Developments**

The proposed Project Area B includes the following four SFHA developments:

- Hunters View, 267 walkup units in 51 buildings constructed in 1956;
- Alice Griffith 254 town homes in 33 buildings constructed in 1962;
- Hunters Point, 213 townhouses in 41 buildings constructed in 1953; and
- Westbrook, 225 wood frame townhouses in 37 buildings constructed in 1956.

In 1991, the SFHA performed a comprehensive physical needs and management assessment of the developments and updated the assessment in 2002.<sup>8</sup> The assessment identified all four of these developments as distressed communities in need of redevelopment and found that such redevelopment would have a positive effect on the SFHA developments and surrounding neighborhoods. As a result, the study recommended that the City and SFHA work to jointly develop a vision for these neighborhoods and pursue HOPE VI funding for each of the developments.

Even though many of the urgent safety problems have been or are currently being addressed at the four developments, serious physical problems remain in the four properties, and the buildings need to be replaced. SFHA has been applying for, and will continue to apply for, funds to redevelop the properties. In the meantime, the SFHA will continue to address the deficiencies to the extent it can in order to stabilize the developments. The SFHA has given highest priority to life safety improvements and the correction of physical problems that impact the health of residents or undermine the integrity of SFHA's viable structures. However, the lack of funding has inhibited SFHA's ability to undertake other significant improvement to the properties. Photographs of SFHA buildings are presented in Appendix C.

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<sup>8</sup> The 1991 comprehensive physical needs and management assessment and subsequent 2002 update was performed by SFHA in conjunction with DLR Group, Edward J. Gee and Associates, and Ron Atkileski and Associates. Appendix E includes listings of the developments' conditions.

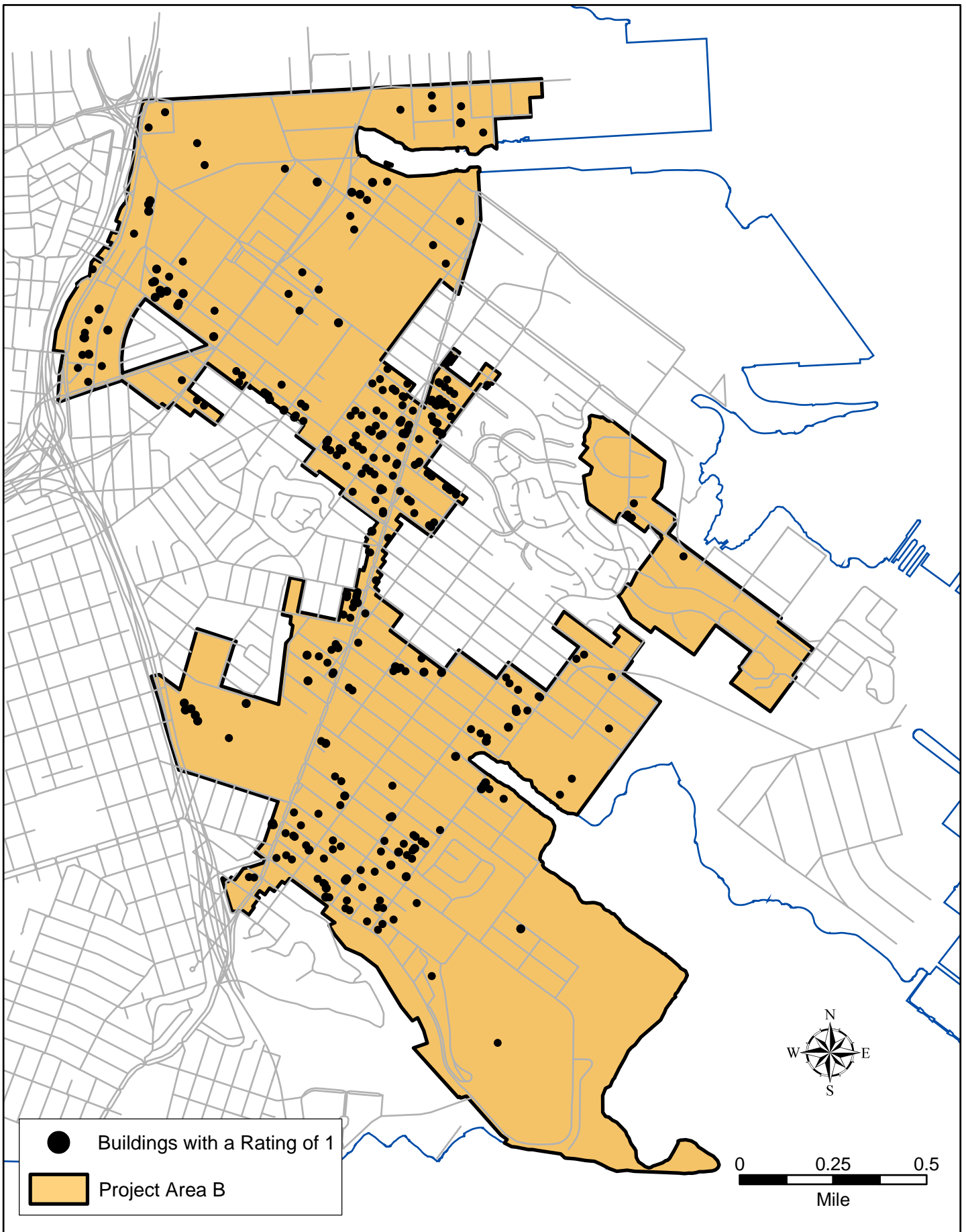


**Table IV-4  
Building Conditions Rating Summary<sup>a</sup>  
Hunters Point Redevelopment Plan Amendment**

<b>Building Condition Rating</b>	<b>Number of Buildings</b>	<b>Percentage of Buildings</b>
1	481	16.6%
2	976	33.6%
3	1,034	35.6%
4	331	11.4%
5	79	2.7%
<b>Total</b>	<b>2,901</b>	<b>100.0%</b>
<b>Buildings with Extensive or Very Extensive Physical/Structural Deficiencies</b>	<b>1,457</b>	<b>50.2%</b>

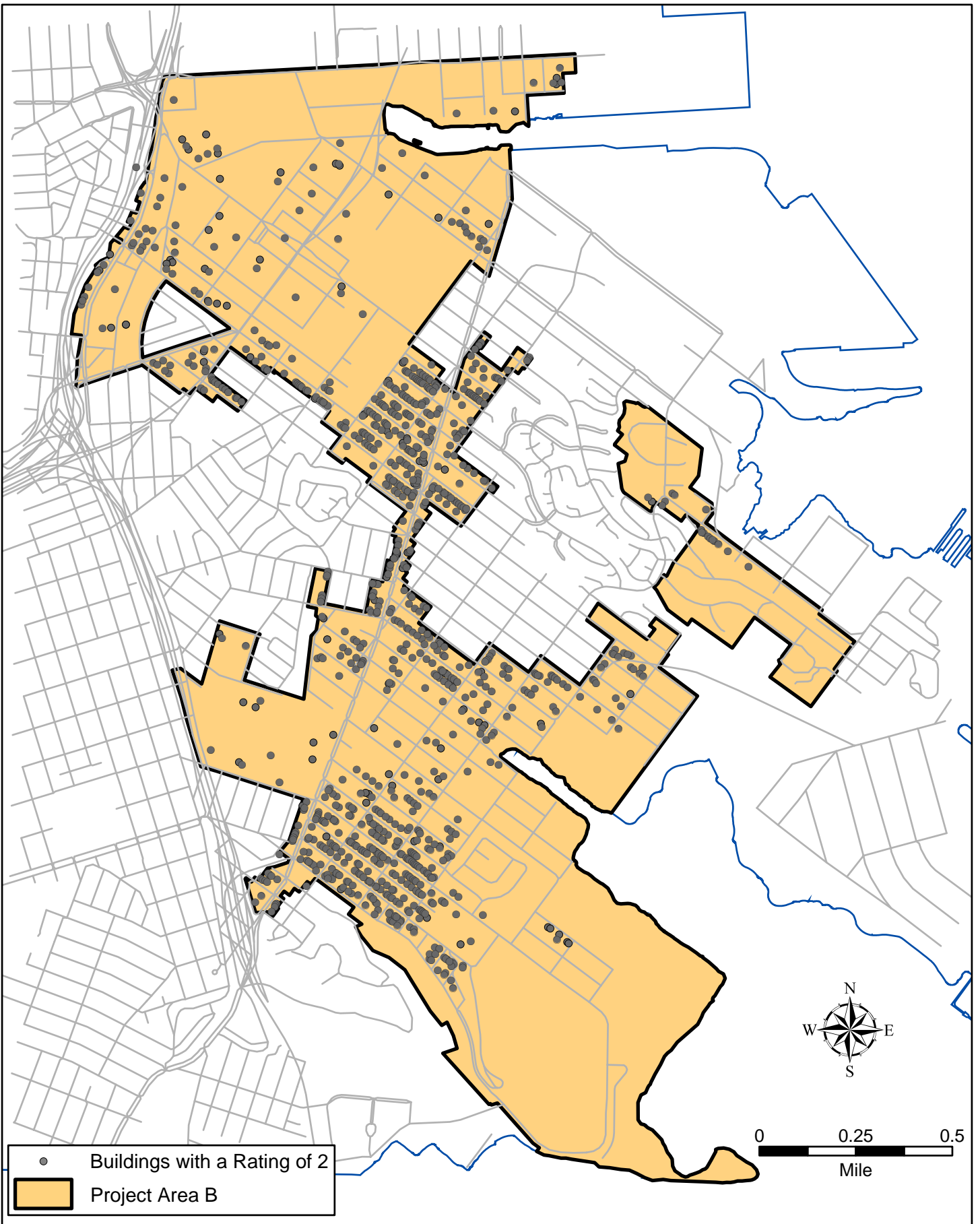
a. Includes all primary and other buildings surveyed, SFHA buildings and Candlestick Stadium. Does not include Morgan Heights and Mariners Village, the area to be included for effective redevelopment.

Source: Survey performed by Seifel Consulting and 3D Vision in 2002 and 2003.



**SI** **FIGURE IV - 2**  
**RA** **Project Area B Very Extensive**  
**Physical Building Deficiencies (1)**

**Hunters Point Redevelopment Project**  
 Source: 2002 and 2003 Field Surveys, SF Housing Authority,  
 SF Recreation and Parks Department



**SF RA** **FIGURE IV - 3**  
**Project Area B Extensive**  
**Physical Building Deficiencies (2)**

**Hunters Point Redevelopment Project**  
 Source: Seifel Consulting 2002-2003 Field Surveys;  
 SF Housing Authority; SF Rec and Park

Reported safety issues of concern include interior window security bars lacking breakaway hardware, outdated electrical wiring and branch panels in need of replacement, and the presence of vinyl asbestos tile and asbestos pipe insulation. Other safety issues include the water, gas, and sanitary lines, which are at the end of their life cycle and need to be replaced. Other conditions of concern are dry rot in siding, windows needing replacement, lead based paint, weather damage structure beneath missing siding, and dilapidated window frames and broken windows. Also, in some buildings, boilers and boiler room equipment are at the end of their life cycle and need replacement.

Based on the information provided by the SFHA needs assessment, all of the SFHA buildings have been assigned an average building condition rating of 1, very extensive physical/structural deficiencies. Refer to Appendix E for a listing of the development's conditions that led to this determination.

#### **e. Condition of Candlestick Stadium**

Candlestick Stadium is a deteriorated structure managed by the City and County of San Francisco Recreation and Park Department. Funding for improvements has been limited, and the stadium has suffered from a history of building condition problems.<sup>9</sup> The construction of the reinforced concrete Candlestick Stadium, which spans 14.5 acres on an 83-acre site, began in 1958 and completed in 1960 for the San Francisco Giants.<sup>10</sup> In 1971, the City improved the stadium to make it multi-purpose so the San Francisco 49ers could play at one of the first modern multi-purpose stadiums.

Candlestick Stadium began to deteriorate after only twenty years of operation. In 1983, a comprehensive investigation of the deterioration of structural and architectural components was undertaken. The study determined that the stadium was in serious disrepair and recommended that the stadium be upgraded immediately to provide a higher level of resistance to potential seismic forces. In 1989, following the Loma Prieta earthquake, some problem areas were identified and addressed in order to ensure that Candlestick Stadium was repaired and ready for the resumption of the World Series ten days later.<sup>11</sup> Since 1989, the Recreation and Park Department has had limited funding for improvements, and funding has been uncertain from year to year. Candlestick Stadium has suffered accordingly, and the capital improvements needed at the stadium are extensive, as summarized in Table IV-5. Photographs of the stadium's conditions are presented in Appendix C.

Based on the information provided by the Recreation and Park Department, the stadium has been assigned a building condition of 1, very extensive physical/structural deficiencies.

Including the stadium site within Project Area B would facilitate the elimination of blighting conditions at the stadium site. In 1997, voters approved bond financing to facilitate the development of the Candlestick Stadium/Mall Project. Tax increment generated from the stadium/mall site could be used to help fund the project.

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<sup>9</sup> SF Gov, Superior Courts, Neighborhood Parks, Report of the 1999-2000 San Francisco Civil Grand Jury, ID: 3748, [www.ci.sf.ca.us/site/courts\\_page.asp?id=3748](http://www.ci.sf.ca.us/site/courts_page.asp?id=3748)

<sup>10</sup> Ballparks of Baseball, The Fields of Major League Baseball, Past Baseball Parks, Candlestick Park, [www.ballparksofbaseball.com/past/CandlestickPark.htm](http://www.ballparksofbaseball.com/past/CandlestickPark.htm)

<sup>11</sup> Stadiums of the NFL From the Past to the Future, NFC Stadiums – Candlestick Park, [www.stadiumsofnfl.com/nfc/CandlestickPark.htm](http://www.stadiumsofnfl.com/nfc/CandlestickPark.htm).

**Table IV-5**  
**Estimated Cost of Candlestick Stadium Improvements**  
**(FY 2005/06 Dollars)**  
**Hunters Point Redevelopment Plan Amendment**

Section	Description	Rec & Park Estimate
Escalators	(1) Escalators were installed in 1975 and renovated in 1980. Two replacement chains (upper F) are being shipped to San Francisco from Germany (\$290K). The escalators are in need of complete renovation.	\$ 3,193,000
Elevators	(2) The four elevators are in need of complete renovation. At present, the freight elevators doors are being replaced (appr. \$120K).	\$ 1,545,000
Upper Deck Concourse and Waterproof	(1) Upper deck concourse needs: (a) to be demolished (b) waterproof membrane installation (c) and waterproofing of entire surface with new concrete. (2) In need of waterproof wear coat because existing waterproofing is failing and water is penetrating into the suites and hallways. These needs have been partially completed.	\$ 4,635,000
9 Light Towers	Repainted in 2004 using 49er rent credit. Fixtures are changed as needed.	\$ 309,000
Waterproof Windscreen Membrane	Desperately needs to be power washed due to dirt and debris on windscreen from construction nearby; after the windscreen is power washed need to waterproof membrane placed on wind screen (last time this was done was in 1989).	\$ 1,545,000
Main Parking Lot	(1) Total re-paving and elevation improvements.  (2) Nine light poles were replaced in 2003 due to complete deterioration (\$90K). Need to replace the roughly 119 with possibly new poles or refurbishing of existing poles. These poles were refurbished in 1981.	\$ 1,864,300  —
PA and Sound System	PA and sound system replaced in 2004 using 49er rent credit.	—
Upper Concourse Ramp Extensions	Extensions were installed in 1994. The structural metal needs to be possibly sandblasted and re-coated with a rust proofing coating. Four stair towers need to be repainted. In October 2005, the rust on the stair towers was removed and painted. (\$60K)	\$ 468,650
Lower/Upper Level Seats	Originally installed in 1960 and 1970. All metal standards and plastic seats are in need of replacement.	\$ 3,090,000
Luxury Suites	In June 2004, the suites were painted and upgraded with new carpet and new TVs installed in each suite using 49er rent credit.	—
Field Irrigation	Originally installed in 1979, the system is inoperative and does not drain. Needs a completely new system. Minor repairs have been made.	\$ 2,060,000
Football Press Box	Need renovation of football press box, which was built in 1970. (Estimate includes ADA issues.)	\$ 3,090,000
New Turnstiles	Turnstiles are unreliable and need replacement.	\$ 309,000
Locker Room <sup>a</sup>	The locker room has a leaky roof and missing gutters which both need repairs.	\$ 2,060,000
<b>Subtotal:</b>		<b>\$ 24,168,950</b>

a. This item should be addressed in the near future.

Source: City and County of San Francisco, Recreation and Park Department, for FYE 6/30/2004, Revised 1/17/2006. Revised by Seifel Consulting to escalate values to constant FY 2005/06 dollars.

## **f. Relationship Between Building Conditions and Health and Safety Problems**

A strong relationship exists between the condition of buildings documented in the building conditions survey and analyses, and health and safety problems in these same buildings. Buildings rated in category 1 are buildings characterized by adverse conditions such as abandonment, dilapidation, very bad deterioration, potentially hazardous structural problems, very extensive deferred maintenance, or a combination of problems, which taken in their totality, provide strong evidence of physical blight and the presence of health and safety standards. Buildings rated in category 2 are characterized by many of these same conditions, but to a lesser degree. These conditions are depicted extensively in the photographs presented in Appendix C.

Based upon the building conditions survey and analyses described above, it is possible to conclude that nearly all of the buildings rated as building conditions category 1 and the majority of buildings rated as category 2 have conditions that render them, to one degree or another, unsafe or unhealthy (refer to Figure IV-2 and IV-3). The survey and building evaluations indicate that the physical blight factor of deficient and deteriorated buildings is substantial and pervasive throughout Project Area B.

## **2. Factors Inhibiting Proper Use of Buildings or Lots [33031(b)(2)]**

Factors that inhibit the proper use of buildings or lots in Project Area B include earthquake and soil conditions; accessibility issues; the presence of trash, dumping and homeless encampments; odor, noise and standing water; crime; and public improvement deficiencies. These factors are described below and in Subsection 4.

### **a. Earthquake Hazards and Poor Soil Conditions**

Significant earthquake hazards affect Project Area B, including nearby earthquake faults, the high probability of future earthquakes, soil conditions that tend to amplify shaking during a seismic event, and the potential for earthquake induced landslides. Project Area B is susceptible to earthquake-related ground shaking that would be strong enough to damage existing buildings and infrastructure, and possibly result in loss of life. Unless otherwise footnoted, the source of the following information is the Draft Environmental Impact Report (DEIR), Bayview Hunters Point Redevelopment Plan Amendment, EIP Associates, October 19, 2004. Figure IV-4 indicates adverse soil conditions and seismic hazard zones, and Figure IV-5 shows earthquake faults and probabilities.

#### Potentially Dangerous Nearby Earthquake Faults

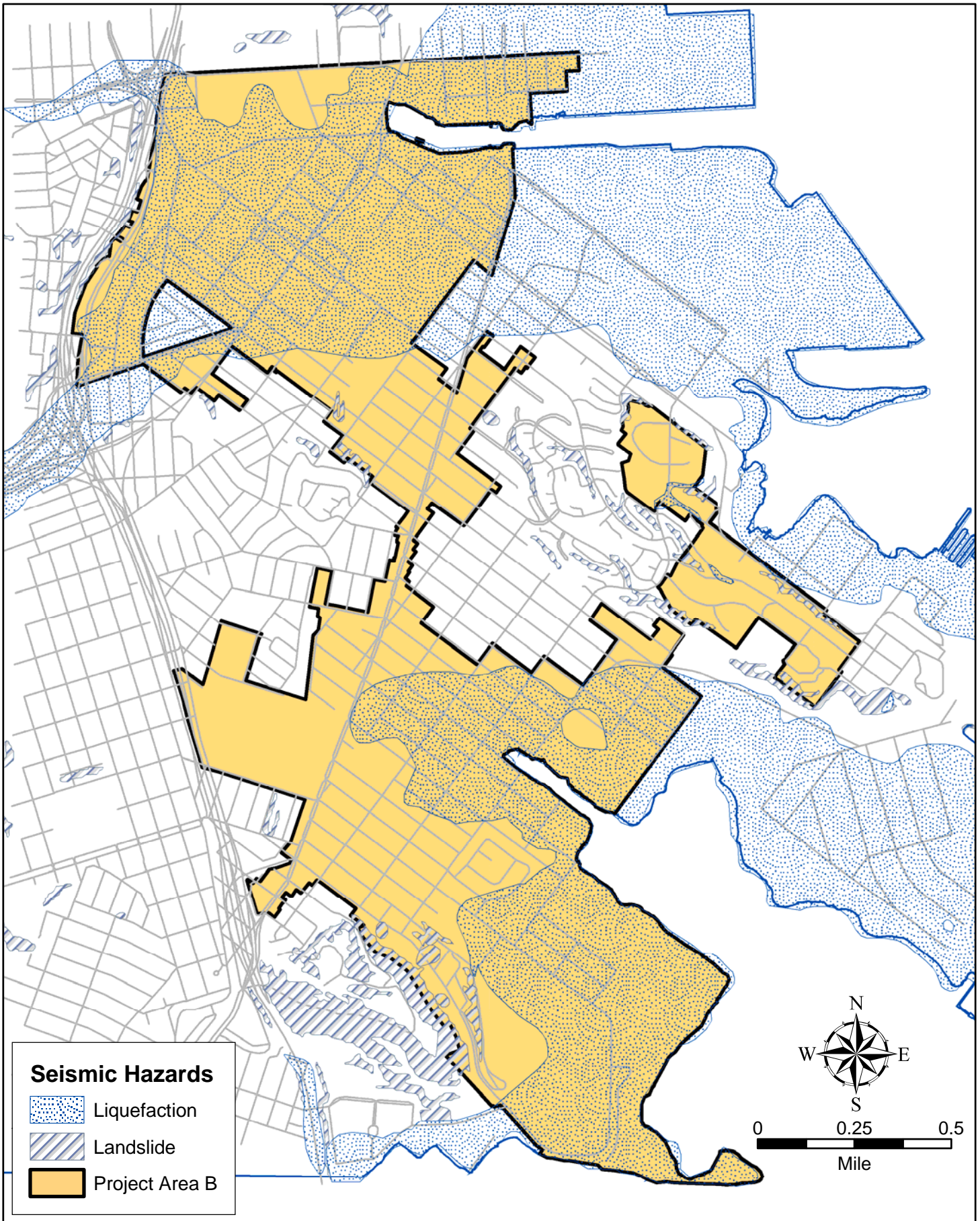
The San Andreas Fault, which is located approximately 10 to 14 kilometers west of Project Area B, is capable of generating a Richter Magnitude 7.9 earthquake. The Hayward fault is about 16 to 20 kilometers northeast of Project Area B and is capable of generating a Richter Magnitude 7.1 earthquake. Other major active faults that could cause significant shaking in Project Area B are the Concord, Calaveras, Rodgers Creek, and San Gregorio Faults. All of these are within a 30 mile radius from the site. Figure IV-5 shows the known earthquake faults located near Project Area B.

#### Probability of Future Earthquakes

According to the July 2003 U.S. Geological Survey Fact Sheet, the probability of at least one major Richter Magnitude 6.7 or greater earthquake capable of causing widespread damage, striking somewhere in the San Francisco Bay Area before 2032 is 62 percent.<sup>12</sup> Figure IV-5 also indicates earthquake probabilities.

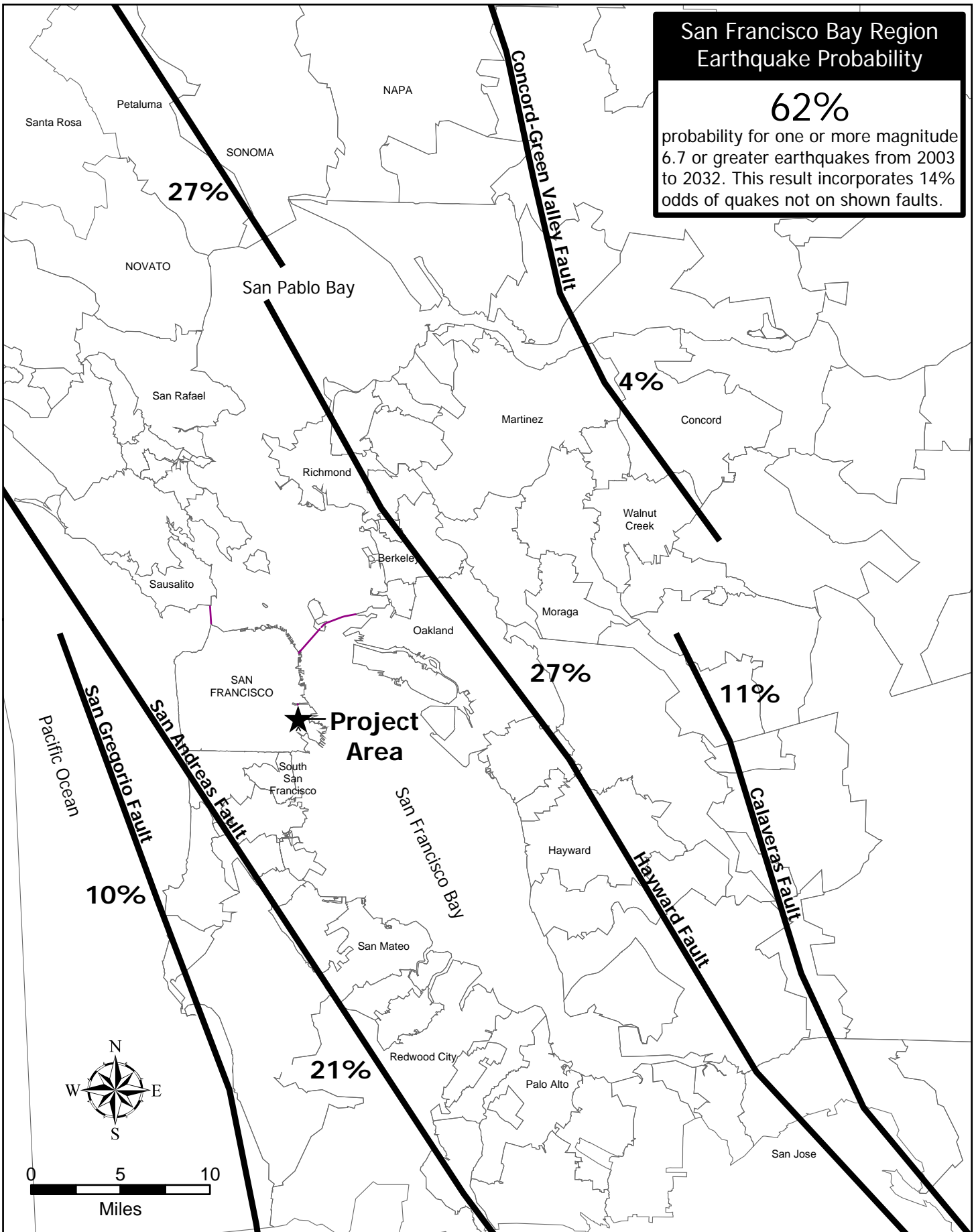
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<sup>12</sup> Earthquake Probabilities in the San Francisco Bay Area Region 2002 to 2031, A Summary of Findings, USGS Open File Report 03-214, Working Group on California Earthquake Probabilities, Online Version, last edited online June 25, 2003.



**FIGURE IV - 4**  
**Seismic Hazard Zones / Adverse Soil Conditions**

**Hunters Point Redevelopment Project**  
 Source: California Department of Conservation,  
 Division of Mines & Geology



**SIA** **FIGURE IV-5**  
**IRA** **Earthquake Faults and Probabilities**

**Hunters Point Redevelopment Project**  
Source: U.S. Geological Survey and the CA Department of Conservation, Division of Mines and Geology



### Adverse Soil Conditions

The principal types of earthquake-induced ground failure that may occur in Project Area B are ground shaking, liquefaction and earthquake induced landslides. The severity of ground shaking is influenced by a number of factors, including duration and intensity of the earthquake, the proximity of the site to the location of the earthquake, and the type of geologic materials underlying the site.

Project Area B is underlain by a mixture of late Mesozoic Era bedrock of the Franciscan Complex. Beneath San Francisco Bay, and along much of its margin, the Franciscan bedrock is overlain by an unconsolidated sedimentary sequence, which exceeds 400 feet in thickness in certain areas. The sequence is subdivided into three units, Older Bay Mud, Bay Side Sands, and Younger Bay Mud. Artificial fill has been placed along the margins of the Bay to claim marshland once covered by shallow water. Outcroppings of serpentine exist in two of the activity nodes as well. Asbestos is a naturally occurring mineral in serpentine rocks, and construction related excavation activities could cause asbestos containing materials to become airborne. Finally, varying sedimentary deposits, such as slope debris, ravine fill, landslide deposits, undifferentiated deposits, and Bay Mud overlay the Franciscan Complex bedrock in Project Area B. Refer to Figure IV-4 for the seismic hazards zone and adverse soil conditions map.

Of most concern is the reclaimed land in Project Area B with portions of six of the seven activity nodes containing artificial fill. Beginning in the mid-1800s, filling of the Bay and tidal marshlands adjacent to San Francisco was initiated to provide land for industrial development. Prior to the filling, the Bay shoreline comprised a series of small inlets and marshlands separated by bedrock peninsulas. The primary sources for fill were dune sands, quarried rock, industrial refuse, and debris following the 1906 earthquake. Artificial fill commonly overlies Younger Bay Mud, but along the margins of the pre-1860 marshlands and estuaries, the fill appears to overlie Bay Side Sands and colluvium/alluvium deposits. The composition of the artificial fill is highly variable, ranging from cobble to boulder sized rubble in a loose to medium dense matrix of sand and gravel. The larger sized material includes such items as concrete, bricks, porcelain, glass and wood. Occasionally, areas of plastic clays, presumably dredged from the Bay, are found in the fill layer. The engineering properties of the artificial fill are highly variable due to the mixture of materials that may constitute artificial fill. As a result, development within portions of Project Area B could be damaged by settlement or instability of the subsurface materials.

### Liquefaction

Soil liquefaction is a phenomenon in which saturated, cohesionless soils lose their strength, especially during shaking induced by earthquakes. In the process, the soil acquires a mobility sufficient to permit both horizontal and vertical movements if not confined. Soils most susceptible to liquefaction are loose, clean, uniformly graded, fine-grained sands below the groundwater table. Gravels and coarse grained sands are also susceptible to liquefaction as are saturated, silty and clayey sands.

The consequences of liquefaction could include seismically-induced settlements, additional lateral soil pressures on underground structures, additional lateral loads on piles, downdrag forces on underground structures and pile foundations, localized lateral deformation of fills and floatation of underground structures such as tanks, pipelines and manholes underlain by the potentially liquefiable soil.

The lower lying areas of all activity nodes are underlain by artificial fill and are therefore susceptible to liquefaction during a seismic event. Any substantial development within these low-lying areas resulting from the Plan Amendment would be required to conform with the Uniform Building Code (UBC), which contains standards to prevent hazards associated with liquefaction.

### Earthquake Induced Landslides

Past earthquakes have triggered landslides on both steep slopes and relatively level ground. Areas with the greatest potential for landsliding are the upland areas with steep slopes underlain by weathered bedrock or serpentine. Landslides are most likely to occur during periods of high rainfall when subsurface materials become saturated or due to earthquakes. Areas with the potential for landsliding in Project Area B have been mapped by the California Division of Mines and Geology (CDMG). As identified by the CDMG, the upland area of Bayview Hill in the Candlestick activity node has a slope with the potential for landsliding.

### Cost of Reducing Impact of Earthquake Hazards on Project Area B

The cost of addressing the poor soil conditions and earthquake hazards present in many portions of Project Area B could be substantial. The UBC provides building standards that are designed to prevent damage resulting from settlement or unstable surface materials such as fill and to prevent building collapse; however, severe structural damage could still occur. Settlements or instability can be mitigated by such typical construction methods as pre-loading, deep foundations and improvement of soil conditions. Compliance with UBC standards would minimize the risk of injury and damage from structures during groundshaking. In addition, site specific seismic design criteria would be developed for critical structures, such as hospitals, public services facilities and utilities. Furthermore, liquefaction potential is typically mitigated by grouting, vibro-floation, stone columns, dynamic deep compaction, deep soil mixing, and removal and re-compaction of loose soil. Finally, landslides can generally be mitigated by several means, such as flattening the slope and/or unloading the top of the slope, improving drainage, constructing retaining structures near the top, and improving soil material.

The adverse soil conditions, which can lead to soil liquefaction or landslides in the event of an earthquake, represent significant cost implications for development projects located on the various soil types found within Project Area B. The engineering alternatives described above provide a solution for mitigating the impact of the earthquake activity. However, these measures are more costly and may make development infeasible or deter investment. Another consideration is that development within areas with serpentine rock would be required to meet strict asbestos regulations of the Bay Area Air Quality Management District, U.S. Environmental Protection Agency, OSHA and CALOSHA for construction purposes.

In addition, as mentioned in Section C.1.a, most of the structures surveyed in Project Area B were built prior to the 1955 UBC, which implies that they are at a greater risk of structural damage during an earthquake. Retrofitting at risk structures would improve their structural integrity. However, retrofitting is expensive, which could deter rehabilitation and reinvestment in these older structures.

### **b. Accessibility**

Accessibility to and within Project Area B is limited by several factors, including the commercial truck route through residential and industrial areas; irregular street patterns and unimproved roads in South Basin, particularly around Van Dyke Avenue and Hawes and Wallace Streets; and the presence of deteriorating abandoned railroad lines. Major interruptions in the retail frontage on the east side of Third Street are caused in part by Third Street transecting the street grid at a diagonal. Furthermore, the area has lacked convenient public transit accessibility to the rest of the City and San Mateo County due to insufficient Muni and Caltrain service. However, the Third Street Light Rail project, currently under construction in Project Area B, will improve accessibility to downtown San Francisco from Third Street.

### **c. Presence of Trash, Dumping and Homeless Encampments**

The presence of trash, illegal dumping and homeless encampments is widespread throughout the Project Area B, detracting from the area and inhibiting the proper utilization of building and lots. Furthermore, trash accumulation and illegal dumping create a public nuisance due to their odor and unsightliness.

As shown in Appendix C, trash accumulation occurs in both residential, commercial and industrial parts of Project Area B, including Third Street, Carroll, McKinnon and Jerrold Avenues, and Crisp Road. Illegal dumping of toxic waste and garbage is a significant problem around Yosemite Slough near Hawes Street, Van Dyke Road, and Wallace Avenues, in part, due to poor road circulation that creates numerous dead end streets. Illegal dumping occurs on both private and public parcels in Project Area B and the Department of Public Works (DPW) has initiated public and private efforts with landowners to clean up this area. The SFPD also created a special investigations unit to work on illegal dumping cases.

Field surveys of Project Area B revealed that homeless encampments are present throughout the project area. The homeless often use vacant lots and rights-of-way, including those located underneath the I-280 freeway and along defunct railroad tracks. Photographs of these conditions are included in Appendix C.

### **d. Odor, Noise, Standing Water**

Odor, noise and standing water adversely impact Project Area B. Odor and noise detract from the area and create a public nuisance, which impacts the quality of life of its residents and hinders the revitalization of the area. Standing water deteriorates street surfaces and increases the risk of motor vehicle accidents.

Strong odors emanate from three primary sources in Project Area B: the Southeast Water Pollution Control Plant, the recycling facilities located in and around the Bayview, and the area where considerable illegal dumping occurs on Hawes Street between Van Dyke and Wallace Avenues (discussed above). Due to pressure from the community, the San Francisco Public Utilities Commission (PUC) has recently created a comprehensive program to reduce and eliminate odors from the Southeast Plant. The odors, noise and unsightly conditions of the large number of recycling facilities in the area have caused many community members to call for a moratorium on new facilities and an evaluation of existing recycling firms' practices.

In addition to recycling facilities, noise is generated by heavy commercial truck traffic in Project Area B. As discussed below, the existing truck route passes through residential areas of Project Area B, in particular, along Carroll and Thomas Avenues and Ingalls and Griffith Streets, creating a nuisance for residents and accelerating the deterioration of street surfaces.

Standing water, particularly during the rainy season, occurs on roadways throughout Project Area B. It is specifically a problem on Hunters Point Expressway and Newcomb Avenue, between Selby and Rankin Streets, as shown in photographs in Appendix C. Ponding of water occurs in part due to insufficient infrastructure in these areas, including the lack of curbs and sidewalks, and causes pedestrian and bicyclists to traverse into more dangerous locations, such as the traveled roadway. Standing water also results in an inconvenience and potential hazard for drivers and an impediment to circulation.

### **e. Crime**

Project Area B is plagued by crime, which inhibits the proper use of building and lots and contributes to the economic stagnation of the area. The high crime rate also constitutes a serious threat to public safety and the welfare of its citizens. The rate of violent crimes, which include homicide, rape, robbery and aggravated assault, is particularly high in Project Area B. The high crime rate contributes to the creation of an intimidating environment for residents and businesses, and a negative image.

Numerous knowledgeable real estate brokers interviewed for this Report described crime as a significant problem for tenants and a deterrent to prospective tenants in Project Area B.<sup>13</sup> Brokers stated that employees often do not feel safe working in the area, and many have been robbed or have been victims of other crimes. As a result, brokers reported that companies were more likely to leave San Francisco rather than locate in the Bayview. Chapter V, Section B.4 further discusses the high crime rate in the Project Area B.

### **3. Incompatible Uses [33031(a)(3)]**

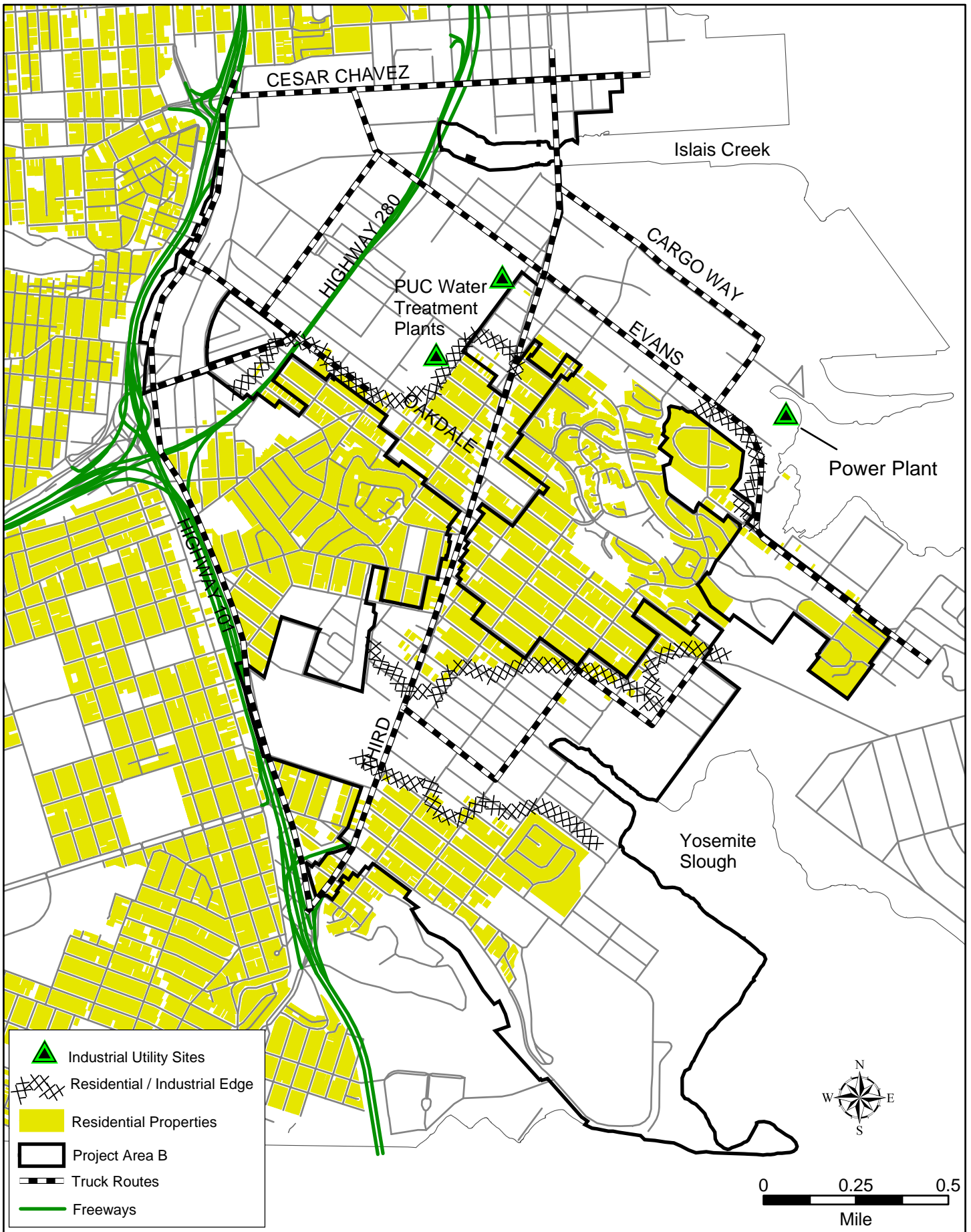
Adjacent or nearby uses that are incompatible with each other and prevent the economic development of those parcels or other portions of Project Area B are a condition of physical blight under CRL Section 33031 (a)(3). These adverse conditions are caused by facilities or uses that create noise, vibration, dust, air pollution, odors, light spillage, or visual problems. When substantial negative impacts are created by adjoining facilities or uses, the value and economic viability of properties is adversely affected.

Incompatible or conflicting uses exist at several locations in Project Area B. Figure IV-6 indicates the location of incompatible uses identified in Project Area B. Following is a list of facilities and uses that contribute, to one degree or another, to incompatible or conflicting uses in Project Area B and their impact:

- Residential uses abut or are interspersed within industrial uses in several areas without proper buffering. This condition creates safety problems for pedestrians from passing trucks and other heavy vehicles. Residential and commercial areas are affected by noise and dust from the industrial uses and related traffic.
- Truck routes running through residential and commercial areas create traffic hazards, noise, vibration, and temporary street blockages.
- Residences near the solid waste treatment plant are negatively impacted by the plant's odors.
- Elevated freeways and defunct railroad lines attract homeless encampments in Project Area B.
- Residential areas in Project Area B are adjacent to the power plant located along Hunters Point shoreline.
- Portions of Project Area B are adjacent or nearby to the Hunters Point Shipyard, a Superfund site.
- Active and defunct rail lines create irregularly shaped parcels and impede traffic flow.

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<sup>13</sup> Refer to Appendix A for a list of the brokers contacted for this Report.



**SFH** **FIGURE IV - 6**  
**IRA** **Incompatible Uses**

**Hunters Point Redevelopment Project**  
 Source: 2002 Concept Plan, SFRA, SF Planning Department,  
 Seifal Consulting Inc, 2002 and 2003 Field Surveys

## **Truck Routes**

Truck traffic through the Town Center and residential neighborhoods is a critical problem affecting the quality of life in the Bayview. Access to and from I-280 ramps is particularly difficult for trucks servicing industrial businesses, due to narrow streets and constrained turning conditions. The lack of a Bay Bridge connection on I-280 acts as a further inducement for trucks to use Third Street and other local arterial streets as through-routes for connecting with freeway access to the East Bay. The City and Agency have worked with the community to identify possible alternative truck routes to and through the community to reduce impacts on residents, employees and visitors. Trucks weighing more than 11,000 pounds are restricted from traveling along the portion of Third Street from LaSalle Avenue south to Bayshore Boulevard. Innes Avenue and Hunters Point Boulevard are also truck routes, in need of traffic calming measures. In addition to designing truck routes, appropriate design and engineering standards are needed, especially as the Hunters Point Shipyard is redeveloped. Traffic diversion from residential areas and comprehensive signage for the routes will facilitate traffic calming. Landscape buffers protecting residential neighborhoods will serve to reduce noise, dust and pollution, and address visual issues.

## **4. Public Improvement Deficiencies [33030(c)]**

Under the CRL, inadequate public infrastructure and facilities cannot be the sole reason for redevelopment. However, the law permits consideration of public improvement deficiencies when physical and/or economic blighting conditions exist in a project area. Under CRL Section 33030(c), public infrastructure and facilities deficiencies may be a contributing factor to blight, and an agency may undertake needed public improvements to alleviate blight. To the extent that they are present, inadequate public improvements typically reflect problems that exaggerate the effects of blight.

As discussed earlier in this chapter, field surveys were conducted to evaluate physical and economic blighting conditions in Project Area B. These surveys also focused on the assessment of public infrastructure and facilities deficiencies. In addition, information was gathered from City and Agency staff and reports regarding inadequate infrastructure and facilities.

The field surveys and other research efforts provide evidence of public infrastructure and facilities deficiencies that contribute to blight in Project Area B. The surveys documented deteriorated public improvements on or adjacent to 866 out of the 3,080 observed parcels, or 28 percent, of the properties in Project Area B. Public infrastructure deficiencies identified include missing or damaged curbing and sidewalks, deteriorated streets, and inadequate public utilities. Public facilities deficiencies identified include a lack of parks and open space. Details of these deficiencies are described below.

### **a. Curbing and Sidewalk Deficiencies**

Curbing and sidewalk deficiencies are extensive in Project Area B. A significant number of curbs and sidewalks are missing, or badly damaged and deteriorated. Such deficiencies, particularly evident in the industrial areas of Project Area B, force pedestrians to walk in active traffic lanes, creating pedestrian hazards and limiting pedestrian movement and accessibility.

Deteriorated curbs and sidewalks were observed on, but not limited to, Armstrong Avenue, Carroll Avenue, Keith Avenue, Bayshore Boulevard, Egbert Avenue and Innes Avenue. Missing curbs and sidewalks were observed on Quint Street, Evans Avenue, Jerrold Avenue, Newcomb Avenue, Selby Street, Armstrong Avenue, Donahue Street and Earl Street, Hunters Point Expressway, Wallace Street, Underwood Avenue, Crisp Road and Van Dyke Avenue. Curbing and sidewalk deficiencies are further documented in photographs included in Appendix C.

## **b. Street Deficiencies**

Project Area B is also characterized by extensive street deficiencies including deteriorated pavement, surface scaling and cracking, unimproved and non-paved roads, abandoned and deteriorating railroad tracks on roadways, and potholes. Such deficiencies contribute to traffic congestion and hazards, and increase the risk of motor vehicle accidents. Street deficiencies also contribute to traffic circulation problems, which ultimately can hinder industrial and commercial development.

Street deficiencies were observed on, but not limited to, the following streets in Project Area B: Napoleon Street, Carroll Avenue, Third Street, Quint Street, Marin Street, Newcomb Avenue, McKinnon Avenue, Earl Street, Hunters Point Expressway, Armstrong Avenue, Van Dyke Avenue, Underwood Avenue, Crisp Road, Hawes Street, Wallace Avenue, Hudson Avenue. Street deficiencies are further documented in Appendix C.

## **c. Stormwater Drainage**

While patchwork improvements have been made along portions of Third Street, deficiencies exist in the stormwater drainage system in Project Area B. Project Area B has a combined sewer and stormwater system, which collects and transports sanitary sewage and stormwater runoff in the same set of pipes. The stormwater drainage for most of Project Area B is transported through the combined system, treated and eventually discharged to the Bay through outfalls and overflow structures along the shoreline. However, in areas immediately adjacent to the shoreline, stormwater drains directly to the Bay. Wastewater flows are transported to the Southeast Water Pollution Control Plant. During dry weather, all sanitary sewage generated in Project Area B is treated at the Southeast Water Pollution Control Plant. The plant operates at about 80 percent of its design capacity and treats all dry weather flow from the entire eastside of the City, about two thirds of the City's area.<sup>14</sup> However, during wet weather, a wide variation exists in the volume of wet weather flow. This is due to the addition of stormwater to the system. Although the combined sewer system is designed to handle a variety of wet weather flows, overflow frequencies have on occasion exceeded the system in recent years.<sup>15</sup> In 2004, the San Francisco Public Utilities Commission began work on a Clean Water Master Plan, one component of which is to address system deficiencies. Although the combined system is able to handle the dry weather flows, the system appears to be deficient during the wet weather periods.

## **d. Lack of Parks and Open Space**

Although Project Area B experienced significant population growth during the last two decades, it lacks sufficient park and open space for its residents. According to the Assessment Project produced by the Recreation and Park Department, the Bayview District rate of 3.8 acres of 1,000 residents is well below the national standard. While the City overall provides 5.5 acres of open space per 1,000 residents, the national standard is 10 acres of open space per 1,000 residents.<sup>16</sup> District 10, which encompasses Bayview, Hunters Point, Bayshore and Potrero Hill is a large district with large vacant industrial areas spread between two major residential areas. The district is composed largely of families and has the most youth in the City, with 28.5 percent of the population under 18 and a growing youth population.<sup>17</sup>

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<sup>14</sup> San Francisco Redevelopment Agency, Draft Environmental Impact Report (DEIR), Bayview Hunters Point Redevelopment Plan Amendment, EIP Associates, October 2004, Chapter III.

<sup>15</sup> Ibid, Chapter III.

<sup>16</sup> Green Envy, Achieving Equity in Open Space, Neighborhood Parks Council, December 2003, p.17.

<sup>17</sup> DEIR and Assessment Project Final Report, City and County of San Francisco Recreation and Park Department 1998/1999, p. IV-II.

This population demographic requires high quality open space and recreation opportunities. However, in the late 1990s, District 10 required almost \$68 million in repair and renovation for its existing park facilities, the largest budget required for any single district of all 11 Recreation and Park districts.<sup>18</sup> In addition, District 10 will need new parks throughout the residential areas and emerging growth areas. This large and demographically growing district currently lacks modern park facilities as well as requires more park facilities.

Project Area B has two primary parks: Candlestick Point State Recreation Area and Bayview Park. Some additional small recreation spaces are available around schoolyards and the SFHA properties. These areas are not sufficient to meet the needs of Project Area B residents. Bayview Hunters Point lacks the following:

- Large scale parks with facilities for organized league sports.
- Indoor recreation facilities including modern gymnasiums and fitness centers.
- Adequate programming at centers and nature areas.
- Proper maintenance at existing parks and recreational facilities.

## **D. Areas for Inclusion as Necessary for Effective Redevelopment**

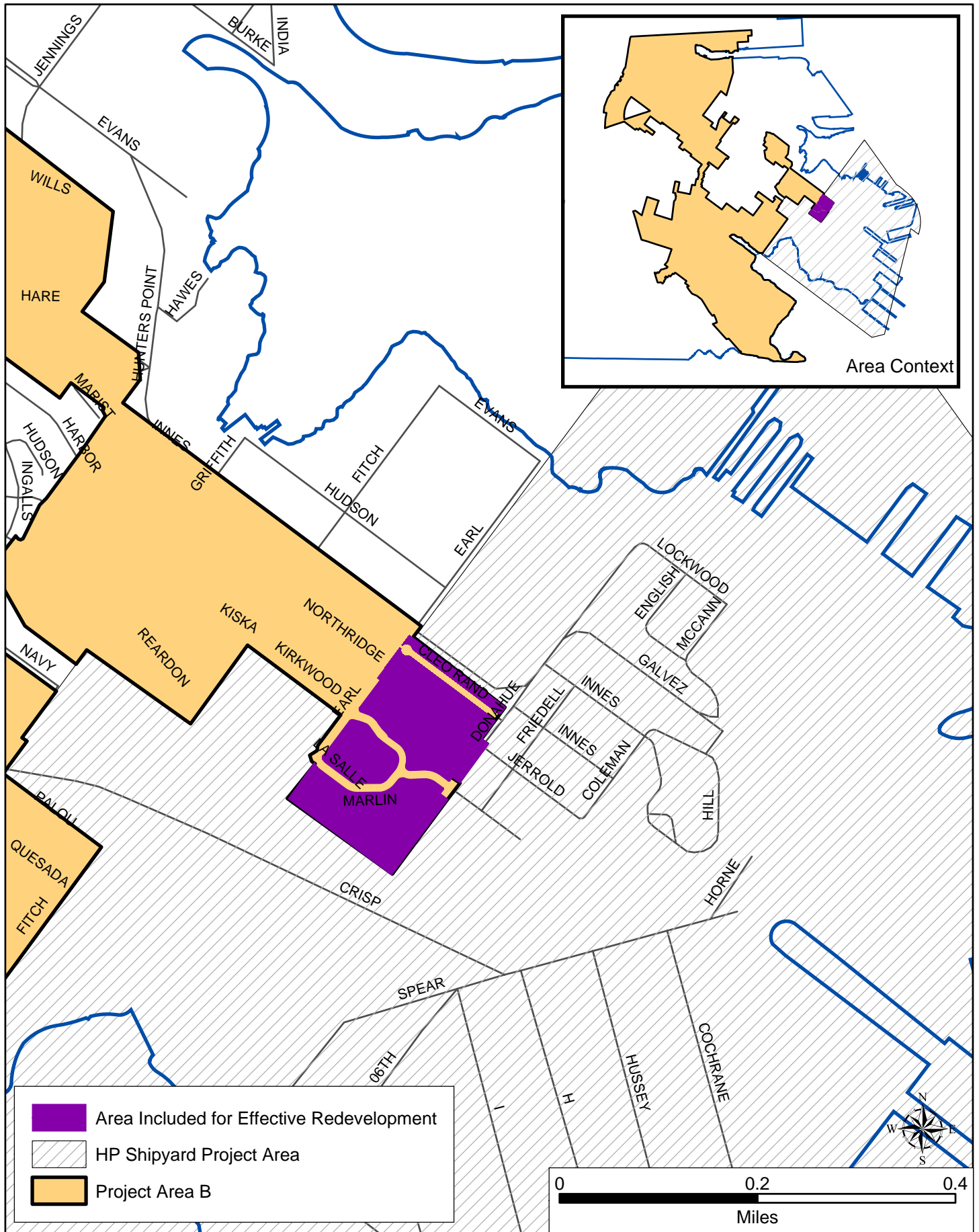
An area in the Hunters Point Shoreline activity node is proposed to be included in Project Area B for purposes of effective redevelopment. The area is comprised of the Morgan Heights housing development on Cleo Rand Avenue and the Mariner Village housing development on Kirkwood and La Salle Avenues and Marlin Court, as shown in Figure IV-12. The Hunters Point Shipyard Project Area surrounds the area on three sides. To the northwest, the area is adjacent to the SFHA housing development Hunters Point, which is located within Project Area B.

This area is included for the effective redevelopment of Project Area B, under CRL Section 33321. While the area does not appear to exhibit physical blighting conditions, it is surrounded by blighted areas and is impacted by the blighting conditions of Project Area B, most notably the high crime rate. Also, blighting conditions in the Hunters Point Shipyard negatively influence this area. Its inclusion will enable comprehensive planning and development of Project Area B, as well as coordination with the planning and development of the Hunters Point Shipyard Project Area. Redevelopment activities implemented in this area will enhance the overall Redevelopment Program.

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<sup>18</sup> Ibid, p. IV-12.





**ISIRI** **FIGURE IV - 7**  
**IRA** **Area Included for Effective Redevelopment**

## **E. Conclusion for Physical Blighting Conditions in Project Area B**

Project Area B suffers from several physical problems. Three of the four statutorily defined conditions of physical blight are substantial and pervasive throughout Project Area B:

- Deficient or deteriorated buildings,
- Factors that inhibit proper use of buildings or lots, and
- Incompatible uses.

Project Area B contains a substantial number of deficient buildings and structures, including Candlestick Stadium and all of the buildings located within the four SFHA developments. About 50 percent of the buildings in Project Area B suffer from very extensive or extensive deficiencies, and a significant percentage of these are unsafe or healthy for persons to live or work.

Factors that substantially hinder the economically viable use or capacity of buildings or lots in Project Area B include earthquake susceptibility and soil conditions; accessibility issues; the presence of trash, dumping and homeless encampments; odor, noise and standing water; crime; and public improvement deficiencies.

Adjacent or nearby uses that are incompatible with each other and prevent the economic development of those parcels or other portions of Project Area B are a condition of physical blight. Incompatible or conflicting uses are present at several locations in Project Area B, including residential uses that abut or are interspersed within industrial uses in several areas without proper buffering, residential uses near the solid waste treatment plant, residential uses adjacent to or nearby a power plant, and portions of Project Area B adjacent to a Superfund site. Truck routes run through residential and commercial areas, elevated freeways and defunct railroad lines attract homeless encampments, and active and defunct rail lines create irregularly shaped parcels and impede traffic flow.

Public infrastructure and facilities deficiencies contribute to blight in Project Area B. Public infrastructure deficiencies identified include missing or damaged curbing and sidewalks, deteriorated streets, and inadequate public utilities. Public facilities deficiencies include a lack of parks and open space.

The analysis of physical blighting conditions in Project Area B indicates that these conditions are so substantial and prevalent that they constitute physical blight. Thus, redevelopment is necessary for Project Area B to reach its full potential.

# V. Adverse Economic Conditions

## A. Introduction

The CRL requires findings of a combination of adverse physical and economic conditions that are prevalent and substantial in order for an area to be eligible for redevelopment. This chapter documents economic blighting conditions present in Project Area B. The text, tables and figures included in this chapter, Chapter IV and the appendices, including the photographs contained in Appendix C, demonstrate that blighting conditions are substantial and prevalent in Project Area B and constitute the description and map of blighting conditions required by Section 33352(b) of the CRL.

### 1. Chapter Organization

This chapter is organized into the following sections:

- Section A provides an overview of Chapter V and describes the CRL requirements related to blight.
- Section B documents adverse economic conditions in Project Area B, in accordance with the definitions of economic blight as specified in CRL Sections 33030 and 33031.
- Section C includes the conclusion for economic blighting conditions.

### 2. Relevant Provisions of the CRL

CRL Section 33354.6 delineates the procedures and requirements for redevelopment plan amendments. For a plan amendment in which new territory is being added to an existing project area, an agency is required to follow the same procedures as a new plan adoption. This CRL section also requires that for amendments increasing the limit on tax increment, the report to the legislative body required by the CRL must describe and identify remaining blight, as well as areas that are no longer blighted. While the Plan Amendment would not increase the limit on tax increment collection in Project Area A, Chapter IV, Section B describes the remaining blight in Project Area A according to the blight definitions at the time the Redevelopment Plan was originally adopted in order to provide comprehensive information on the Project Area (Project Area A and Project Area B). The ordinance adopting the Plan Amendment must contain a finding that Project Area B is blighted and that public intervention in the form of redevelopment is necessary. The CRL requires the documentation of blight in Project Area B to be based on the current CRL blight definitions, which are presented below.

**a. CRL Definitions of a Blighted Area**

CRL Section 33030 describes the characteristics of a blighted area as follows:

- (a) *It is found and declared that there exist in many communities blighted areas, which constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state.*
  
- (b) *A blighted area is one that contains both of the following:*
  - (1) *An area that is predominately urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.*
  
  - (2) *An area that is characterized by either of the following:*
    - (A) *One or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.*
  
    - (B) *The condition described in paragraph (4) of subdivision (a) of Section 33031.*
  
- (c) *A blighted area also may be one that contains the conditions described in subdivision (b) and is, in addition, characterized by the existence of inadequate public improvements, parking facilities, or utilities.*

**b. Economic Conditions That Can Be Used as Evidence of Blight**

CRL Section 33031(b) defines economic conditions that cause blight as follows:

Depreciated Values or Impaired Investments

*Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of agency authority as specified in Article 12.5 (commencing with Section 33459). [33031(b)(1)]*

Economic Indicators of Distressed Buildings or Lots

*Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities. [33031(b)(2)]*

Lack of Neighborhood Commercial Facilities

*A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions. [33031(b)(3)]*

## Residential Overcrowding or Problem Businesses

*Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults that has led to problems of public safety and welfare. [33031(b)(4)]*

## A High Crime Rate

*A high crime rate that constitutes a serious threat to the public safety and welfare. [33031(b)(5)]*

As will be documented in Section B, four of the five factors of economic blight are substantial and pervasive throughout Project Area B.

### **c. Areas Included for Purposes of Effective Redevelopment**

The CRL allows certain non-blighted areas to be included in a redevelopment Project Area if their inclusion is necessary for effective redevelopment or for affordable housing purposes. The Plan Amendment proposes to include one area to be added to Project Area A for the purpose of effective redevelopment. This area is comprised of the Morgan Heights and Mariners Village housing developments. Chapter IV, Section D describes the reasons why this area is included for purposes of effective redevelopment.

### **d. Adverse Conditions in Project Area A**

While the Plan Amendment would not increase the limit on tax increment collection, Chapter IV, Section B describes the remaining blight in Project Area A in order to provide comprehensive information on the Project Area (Project Area A and Project Area B).

## **B. Adverse Economic Conditions in Project Area B**

As required by the CRL, this section describes the economic blighting conditions in Project Area B. Adverse economic conditions contributing to the presence of blight are within four of the five factors of economic blight as specified in the CRL and generally described as:

- Depreciated values or impaired investments.
- Economic indicators of distressed buildings or lots.
- Lack of neighborhood commercial facilities.
- Residential crowding or problem businesses.
- A high crime rate.

### **Methodology**

Economic blighting conditions were evaluated under the blight definitions contained in the CRL through the following methods:

- Field surveys of Project Area B existing conditions.
- Review and analysis of technical documents and data from public and private agencies.
- Discussions with government staff and persons knowledgeable about the area.

Refer to Appendix A for a complete list of documents and data sources used in the economic blight documentation.

## **1. Depreciated Values and Impaired Investments [33031(b)(1)]**

This section documents the presence of blighting conditions described in CRL Section 33031(b)(1) in Project Area B, including the presence of potentially hazardous or toxic materials, poor economic performance of retail businesses, the inability of industrial space to meet current user demands, and the inability of the private sector to construct or invest in industrial properties.

### **a. Hazardous Materials**

The remediation of toxic or hazardous waste is frequently costly and a major financial disincentive to reinvestment or development. Often, in order for the development of a contaminated site to be feasible, public agency assistance is necessary. The fear of environmental liability, in particular, uncertainty over changing responsibility standards and costs, and the high price of conducting environmental investigations are some of the leading deterrents to beneficial development and use of urban sites. Developers fear that they will face liability under environmental laws and that the cost of evaluating and remediation of contaminated sites is both so uncertain and so high that it could easily outweigh the market value of the property.

Under federal laws including the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), and other laws, developers may be held liable for past chemical releases, even though they were not directly responsible for the conditions that gave rise to the liability. Therefore, prior to purchasing or entering into contract to develop a site, a developer must undertake extensive environmental investigations to determine whether hazardous materials are present. In addition, predicting the cost to conduct any potential remediation prior to development is uncertain. Finally, delays are often associated with obtaining governmental approvals before development of contaminated or remediated sites may begin. Given added costs and risks, evidence of hazardous materials on properties results in a disincentive to redevelop and invest in properties. The redevelopment tools of land assembly and the preparation of land for development would help ensure property redevelopment and the remediation of hazardous or toxic materials. In addition, if the area is declared a redevelopment Project Area, under state law, the Agency could invoke the Polanco Act, which more readily shifts liability of environmental remediation to prior polluting property owners.

According to the October 2004 DEIR (DEIR), sources of potentially hazardous materials and waste that could affect soil or groundwater in Project Area B are historic uses of hazardous materials, identified environmental cases and spill sites, and fill materials used to reclaim areas of the Bay along the 1848 historic shoreline.

### **Historical Land Uses Contributing to the Presence of Hazardous Materials**

According to the DEIR, historic land uses also contribute to the potential contamination of soil and groundwater in Project Area B. A significant portion of Project Area B has been used for industrial purposes since the 1800s, including industries such as lumber, tallow, tannery and automotive repair. Some specific historical land uses that may be associated with hazardous materials in Project Area B include gasoline service stations, oil storage facilities, automotive shops, dry cleaning operations, tallow and tannery operations and printing shops. These land uses are commonly associated with the use of petroleum products, metals, solvents, acids, caustics and polychlorinated biphenyls (PCBs). Furthermore, former lumber yards are potential sources of the chemical creosote. Considering that the historic uses of hazardous materials utilized at these sites were generally not well regulated, it is likely that hazardous materials were released into the soil and groundwater in Project Area B.<sup>1</sup>

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<sup>1</sup> DEIR, Chapter III.

## Environmental Cases and Spill Sites

Sites suspected of releasing hazardous materials or that have had cause for hazardous materials investigations also heighten the potential of soil and groundwater contamination in Project Area B. Identification of hazardous materials in the soil or groundwater at these sites is generally due to site disturbance activities such as the removal or repair of an underground storage tank, a spill of hazardous materials or excavation for construction. The DEIR identified over 100 properties as environmental cases in Project Area B and 37 spill sites. The primary environmental cases identified within Project Area B include 108 sites with leaking underground storage tanks, which generally involve the release of petroleum products. The DEIR also identified the following, as summarized in Table V-1.<sup>2</sup>

- 5 sites under the jurisdiction of the California Regional Water Quality Control Board.
- 1 enforcement action take under RCRA.
- 1 sites that have entered into voluntary clean up agreements with the California Department of Toxic Substances Control.
- 1 site with a deed restriction.
- 4 facilities that have reported a release that could threaten a drinking water source.
- 1 waste management units.
- 8 active, inactive or closed solid waste disposal sites.
- 4 sites for which waste discharge requirements have been issued.
- 3 potential hazardous waste sites identified by the California Department of Toxic Substances Control.
- 4 administrative, enforcement or compliance actions related to the Federal Insecticide, Fungicide and Rodenticide Act.

Of the 37 spill sites identified within Project Area B, 17 were reported to federal authorities, 16 were reported to the California Office of Emergency Services and 4 were reported to the U.S. Department of Transportation.<sup>3</sup> Figure V-1 shows the location of the environmental cases and spill sites in Project Area B.

Contaminated soil and groundwater at the former Hunters Point Shipyard is a potential source of hazardous materials within Project Area B because substances in soil and groundwater can migrate to nearby locations. The former naval station is located directly adjacent to Project Area B on the southeast side and is a documented environmental case. It was placed on the National Priorities List, otherwise known as Superfund, in 1989. The site has been the location of industrial uses since 1868 and was operated as a U.S. Navy military installation from the late 1930s until 1974. According to the DEIR, hazardous and radioactive substances, including fuels, lubricants, paints, solvents and other industrial chemicals, heavy metals, and radium and other radioactive materials, are now known to be used as part of U.S. Navy's operations.

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<sup>2</sup> DEIR, Chapter III. The DEIR includes cases in Bayview Industrial Triangle, Indian Basin Industrial Park and a portion of the Hunters Point Shoreline Project Area that has been removed. These numbers reflect only cases in Project Area B.

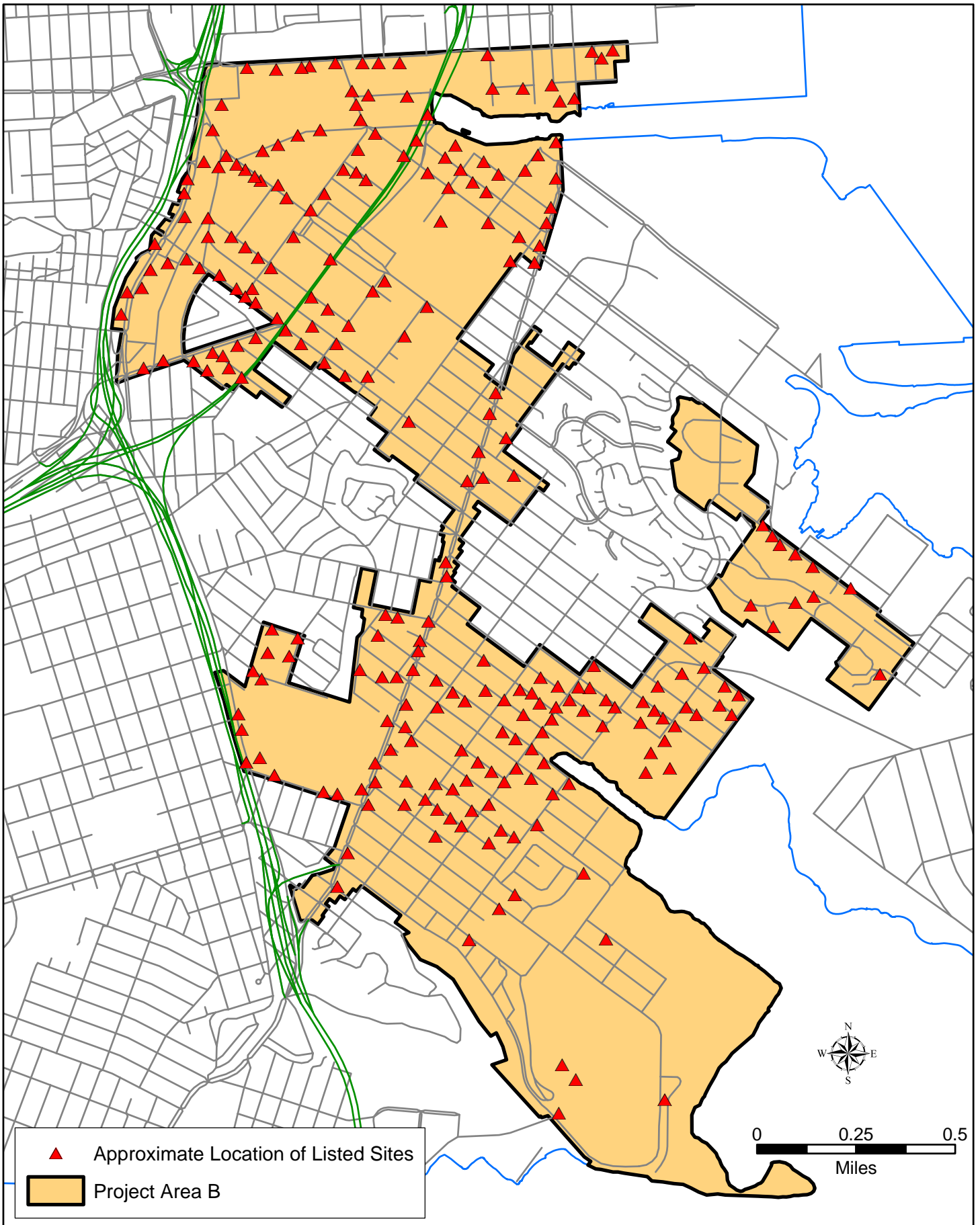
<sup>3</sup> DEIR, Chapter III.

**Table V-1  
Summary of Environmental Cases and Spill Sites in Project Area B  
Hunters Point Redevelopment Plan Amendment**

<b>Environmental Cases Identified on Regulatory Database</b>	<b>Name and Description of Regulatory Database where Cases are Listed</b>
5	Spills, Leaks, Investigation, and Cleanup Cost Recovery Listing (CA SLIC) – sites under the jurisdiction of the San Francisco Bay Regional Water Quality Control Board
1	RCRA Administrative Action Tracking System (RAATS) – enforcement actions taken under RCRA pertaining to major violations
1	Low threat sites that have entered voluntary cleanup agreements with the DSTC (VCP)
1	List of Deed Restrictions (DEED) – sites which have been issued a deed restriction because of the presence of hazardous materials.
4	Proposition 65 Records (NOTIFY 65) – facilities that have reported a release that could threaten a drinking water source.
1	Waste Management Unit Discharge System (WMUDS/SWAT) – waste management units
8	Solid Waste Information System (SWFLF) -active, inactive or closed solid waste disposal sites
4	Waste Discharge System ( WDS) – sites which have been issued waste discharge requirements
3	Cal Sites (CAL-SITES) – potential hazardous waste sites identified by the DTSC.
4	Federal Insecticide, Fungicide, and Rodenticide Act/TSCA (FTTS) – administrative, enforcement, and compliance actions related to the Federal Insecticide, Fungicide, and Rodenticide Act.
108	Leaking Underground Storage Tanks (LUST).
108	Cortese Hazardous Waste and Substances Site List (CORTESE) – a compilation of sites listed in the LUST, SWFLF, and CAL-SITES databases.
7	CERCLIS No Further Action Planned (CERCLIS NFRAP) – sites previously identified under CERCLIS but designated for no further action.

Source: DEIR, p. III.K.8-9.





**FIGURE V-1**  
**Project Area B**  
**Environmental Cases and Spill Sites**

**Hunters Point Redevelopment Project**  
*Source: SFRA, Environmental Data Resources, Inc.*

After the Navy operations ceased at the site, it was leased to tenants that are now known to have used a variety of hazardous materials and generated hazardous wastes. Petroleum-based fuels have contaminated soil and groundwater in some locations in the former shipyard, solvents, heavy metals and radium, and PCBs were present in electrical equipment that occasionally leaked. Remediation of the site is currently in progress to comply with federal, state and local requirements.<sup>4</sup>

### **Contaminated Fill Materials**

As described earlier, beginning in the 1850s, the shallow margins of the Bay were filled to extend the shoreline. The majority of the shoreline in Project Area B was filled between 1906 and 1940. The DEIR states that material used to fill the shoreline generally consists of a mix of gravel, sand and clay, construction debris (wood, brick, glass fragments), broken rock from Potrero Hill and debris from the 1906 earthquake and the resulting fire. These materials, particularly earthquake debris, are known to contain hazardous materials such as polynuclear aromatic hydrocarbons (PNAs), heavy metals, oil and grease and volatile organic compounds (VOCs).<sup>5</sup>

The City's regulation from the Health Code with respect to analyzing soil for hazardous waste, formerly the Maher Ordinance (Article 22A of the San Francisco Public Health Code), imposes major requirements on projects that involve the disturbance of more than 50 cubic yards of soil located eastward of the historic high tide line in an area of Bay fill.<sup>6</sup> According to the DEIR, requirements involve, but are not limited to, the following: (1) preparation of a site history report to describe past uses and identify whether the site is listed as a hazardous waste site pursuant to state or federal regulations, (2) implementation of a soil investigation to evaluate the potential presence of hazardous wastes in the soil, (3) preparation of a soil analysis report that evaluates the results of chemical analysis in the soil samples, and (4) preparation of a site mitigation report, if contamination is identified, assessing potential environmental and health and safety risks and recommending measures to mitigate the risks. Significant portions of Project Area B are located eastward of the historic high tide line and would be subject to the requirements of Article 22A (if the construction of the project would include the disturbance of more than 50 cubic yards of soil).<sup>7</sup> Figure V-2 shows the location of the 1848 historic shoreline and illustrates areas of land fill.

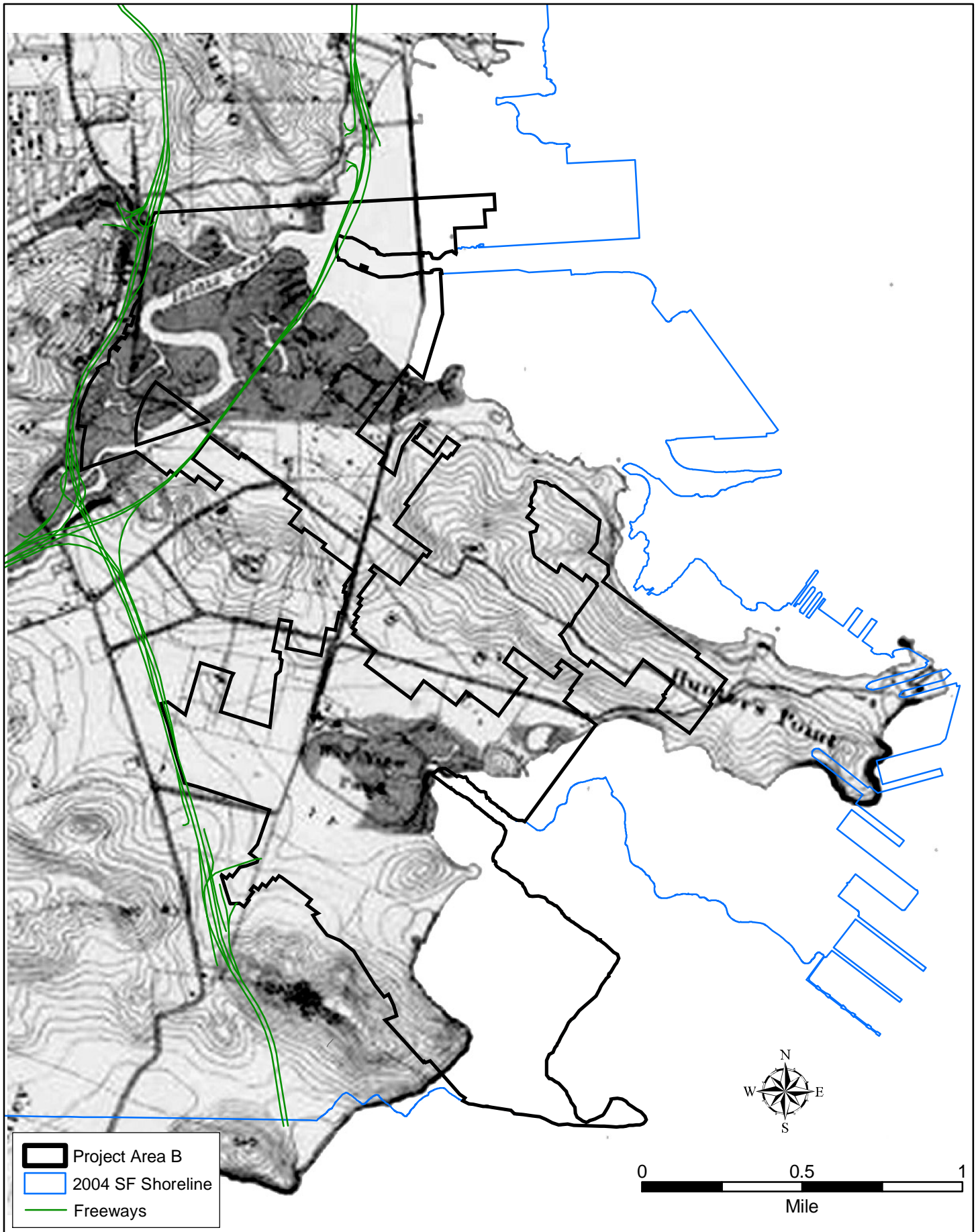
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<sup>4</sup> DEIR, Chapter III.

<sup>5</sup> DEIR, Chapter III.

<sup>6</sup> Section 1222 of Article 22A provides a waiver for the requirements if a property has been continually zoned and used for residential property since 1921.

<sup>7</sup> DEIR, Chapter III.



**SI** **FIGURE V-2**  
**RA** **Historic 1848 Shoreline**

**Hunters Point Redevelopment Project**  
 Source: San Francisco Redevelopment Agency

## **b. Poor Economic Performance of Retail Businesses**

An analysis of historical sales tax receipts from retail businesses in Project Area B also indicates the significant economic challenges these businesses face. As shown in Table V-2, sales tax revenues from the retail businesses in Project Area B have not kept pace with the retail businesses citywide. Retail sales tax revenue in Project Area B had an average annual decrease of approximately 7.5 percent from 2001 through 2003, compared to a citywide average decrease of approximately 2.5 percent per year over the same time period. Furthermore, while retail sales growth slightly increased between 2002 and 2003 citywide, it continued to decline in Project Area B.

The poor performance of retail businesses in Project Area B compared to the citywide performance is even more dramatic when the data is adjusted for inflation. Sales tax revenue in Project Area B declined by 9.1 percent per year, after adjusting for inflation, while the City sales tax revenue declined 4.2 percent, after adjusting for inflation. At the time of publication of this report, more recent tax revenue data was not available from HdL. However generally available information indicates continued poor performance of retail businesses.

In January 2003, the Conley Consulting Group performed a study for the Agency to evaluate the retail potential of Third Street. The study analyzed retail supply and demand conditions on Third Street, estimated the retail district's current success in capturing retail sales from the shopper base, and evaluated likely future tenants based on proposed and projected development in the trade area. The study found that the sales performance of retail businesses along Third Street had stagnated from 1998 through the date of the study. Retail businesses are only capturing a small portion of expenditures generated by Bayview residents and people who work in the community. For example, the study estimates that Third Street retail businesses capture less than 13 percent of resident expenditures, and nearly \$160 million is lost each year as leakage to other retail areas.<sup>8</sup>

The Conley Consulting Group study also found that the retail environment along Third Street is adversely affected by the poor condition of the street and sidewalks, deteriorated storefronts, deferred investment and poor maintenance, people congregating near liquor and convenience stores, and a lack of a critical mass of shopper attractions, conditions which hinder the potential for Third Street businesses to recapture the current retail leakage.<sup>9</sup>

While the light rail on Third Street is expected to improve the retail environment along Third Street when it begins operation in 2007, the conditions cited by the Conley Consulting Group persist today.

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<sup>8</sup> Third Street Retail Assessment, San Francisco Redevelopment Agency, Conley Consulting Group, January 2003, p. 2.

<sup>9</sup> Third Street Retail Assessment, p. 2.

**Table V-2  
Historical Retail Sales Tax Revenue Project Area B, 2001-2003  
Hunters Point Redevelopment Plan Amendment**

Calendar Year	Project Area B		City Total	
	Sales Tax Revenue (\$)	Annual Growth	Sales Tax Revenue (\$)	Annual Growth
<b>Actual Dollars</b>				
<b>2001</b>	3,444,064		104,300,731	
<b>2002</b>	3,088,208	-10.3%	98,886,766	-5.2%
<b>2003</b>	2,945,054	-4.6%	99,099,481	0.2%
<b>Average Annual Growth</b>		<b>-7.5%</b>		<b>-2.5%</b>
<b>Constant 2003 Dollars<sup>a</sup></b>				
<b>2001</b>	3,561,949		107,870,793	
<b>2002</b>	3,142,612	-11.8%	100,628,813	-6.7%
<b>2003</b>	2,945,054	-6.3%	99,099,481	-1.5%
<b>Average Annual Growth</b>		<b>-9.1%</b>		<b>-4.2%</b>

a. Adjusted for inflation to 2003 dollars using the Consumer Price Index (CPI) for All Urban Consumers, San Francisco Bay Area.  
Source: HdL, Spring 2004

**c. Inability of Industrial Space to Meet Current User Demands**

Virtually all the recent investment in the industrial market in Project Area B has been by owners intending to occupy their space. Real estate brokers in the area report a lack of outside investment in the industrial property in the Bayview, which is primarily due to the low returns on investment given low rents.<sup>10</sup> Also, despite the active industrial market, almost no speculative development has occurred in the Bayview area.<sup>11</sup> The industrial portions of Project Area B are characterized by older buildings that are constrained by their inability to meet current user demands for industrial and maritime industrial space. The building deficiencies include:

- Inadequate interior height for commercial vehicles
- Multi-story building (rather than desired single story building)
- Unloading docks at grade level (rather than truck height)
- Inability to handle 40 foot containers
- Unsuitable setbacks or circulation space

<sup>10</sup> Chris Harney and Joe Harney, HC&M Commercial, April 22, 2004 and December 2005. Refer to Appendix A for a complete list of brokers interviewed for this report.

<sup>11</sup> Peter Rothschild, Rothschild and Associates, April 13, 2004.

- Lack of reinvestment and maintenance of buildings and/or property
- Lack of amenities compared to other industrial areas

Examples of outmoded buildings are presented in Appendix C photographs.

#### **d. Infeasibility of Private Sector to Construct and Invest in Industrial Properties**

This section evaluates impaired investment in terms of a private investor's inability to construct and invest in the industrial area while achieving a reasonable return on investment. It examines the feasibility of a prototypical industrial space construction project. The project assumes that such extensive improvements would be needed, such as those listed above, that it would be more costly to rehabilitate a property than to demolish and rebuild. The assumptions for this analysis were obtained from discussions with local real estate owners and brokers, as well as comparable sales information on recent transactions.

This analysis begins with estimated project costs for the purchase, demolition/preparation and construction of a new shell building and associated yard and circulation space and is based on comparable site sales or property on the market and the cost of undertaking new construction. This project cost is then compared with the loan and equity amounts that could be supported by projected rents generated by the completed project. This prototype is used for illustrative purposes to demonstrate the impact of rental rates and property values on the economic value of the investment.

Private financing techniques alone will not likely be sufficient to undertake construction of typical buildings in certain areas that need redevelopment attention. Below is a prototypical purchase and construction project in the industrial portion of Project Area B. The ability of private developers to invest in the construction of industrial buildings is a measure of economic health within Project Area B. When new construction is not feasible despite a competitive market, needed building capital improvements are deferred and properties are not upgraded and are poorly maintained.

#### **Prototypical Rehabilitation Project: Industrial Project**

The prototypical project is an older industrial building in the South Basin area. Many of the existing buildings suffer from physical deficiencies due to deferred maintenance, as well as outdated design and lack of adequate circulation space. The prototypical project assumes a 10,000 square foot industrial building on a 16,900 square foot parcel (about a 0.6 FAR). Rehabilitation (including potential code upgrades, interior office build out, parking improvements and major structural upgrades) is a costly venture; thus, demolition, site preparation and construction is the more viable alternative.

Table V-3 summarizes the estimated costs and projected revenues of the prototypical construction project. The acquisition cost is estimated at \$676,000, assuming a cost of about \$40 per square foot of land, based on conversations with the brokerage community. Construction costs, primarily assumed to cover the cost of a shell building and small portion included for interior space for office use, are estimated at approximately \$75 per square foot based on information from local industrial brokers and recent analyses. The total cost of the project, including soft costs, demolition and site preparation and contingency costs, is estimated at \$1,701,700. It also should be noted that this prototypical project does not assume any remediation of hazardous materials on the site. If the site were contaminated, the \$50,700 site preparation cost estimated at \$3 per square foot, would be significantly higher.

**Table V-3**  
**Prototypical Purchase and Construction of an Industrial Project**  
**Hunters Point Redevelopment Plan Amendment**

**Estimated Project Costs**

Site Acquisition Cost	\$676,000
Construction Cost	\$750,000
Demolition/Site Preparation Cost	\$50,700
Soft Costs @ 20%	\$150,000
Contingency @ 10%	<u>\$75,000</u>
Total Development Cost	\$1,701,700

**Estimated Annual Income & Expenses**

**Rental Income**

Industrial Rent	<u>\$96,000</u>
Gross Possible Income	\$96,000

**Vacancy Loss**

	5%
Total Vacancy Loss	\$4,800

**Operating Expenses**

\$3,360

**Net Operating Income (NOI)**

\$87,840

**Maximum Supportable Loan**

Debt Coverage Ratio	1.20
NOI Available for Debt	\$73,200
Maximum Loan	\$892,885
Annual Cash Flow	\$14,640
Return on Equity	10.0%
Supportable Value of Equity	<u>\$146,400</u>
Total Available for Project	\$1,039,285

**Projected Financing Gap**

Total Available for Project	\$1,039,285
Less Estimated Development Cost	<u>\$1,701,700</u>
<b>Financing Gap</b>	<b>(\$662,415)</b>
<b>Percent of Development Cost</b>	<b>39%</b>

**Assumptions:**

**Income & Expenses**

Building Square Feet	10,000
Net Rentable SF (100% Leasable)	10,000
Industrial Monthly Rent per SF (Gross Industrial)	\$0.80
Landlord Monthly Operating Expenses per SF	\$0.03

**Loan Terms**

Mortgage Interest Rate	6.5%
Term (years)	25

**Estimated Project Costs**

Site Acquisition Cost per SF	\$40
Size of Site (SF)	16,900
Construction Hard Cost per SF	\$75
Demolition/Site Preparation Cost per SF of Site Area	\$3
Soft Cost % of Hard Cost	20%
Contingency % of Hard Cost	10%

Note: The costs presented assume 15 foot setbacks for circulation and parking space, but no environmental remediation of the site.

Source: Refer to Appendix A for a list of brokers interviewed for this report.

Industrial space in South Basin is projected to generate a gross income of \$96,000 annually given current market conditions, assuming industrial rents of \$0.80 per square foot (industrial gross).<sup>12</sup>

Lending institutions typically require that net operating income for a commercial property exceed debt service payment by a minimum 15 to 20 percent, or a debt coverage ratio of 1.15 to 1.2. At a debt coverage ratio of 1.2, the building provides \$73,000 to support debt service and an annual cash flow of about \$14,600 (used to provide the return to equity investors).<sup>13</sup> The annual debt service amount could support a mortgage loan of about \$893,000. The annual cash flow would support about \$146,000 in equity investment yielding a 10 percent return on equity. Thus, the total amount that developers could reasonably expect to raise from private sources is about \$1.1 million, resulting in a financing gap of approximately \$662,000, or 39 percent of estimated development costs.

The private sector does not have sufficient financial incentive to undertake substantial rehabilitation or construction of industrial projects in Project Area B. Prototypical purchase and rehabilitation projects in Project Area B would require large subsidies to be financially feasible for a typical developer.

## **2. Economic Indicators of Distressed Buildings or Lots [33031(b)(2)]**

This section documents the presence of the blighting condition of economic indicators of distressed buildings or lots in Project Area B, as defined in CRL Section 33031(b)(2). The indicators present in Project Area B include vacant and underutilized parcels, vacant and underutilized buildings, and low lease rates.

### **a. Vacant and Underutilized Parcels**

The presence of vacant and underutilized parcels in an urbanized area is an economic indicator of blight because the private sector on its own has been unable to develop the properties. Many factors may deter private investment on vacant and underutilized parcels, including small or irregularly spaced parcels and configurations, inadequate infrastructure or public improvements, and poor traffic circulation and accessibility.

The field survey performed in conjunction with the Building Conditions Survey identified 302 vacant parcels, or approximately 10 percent of the 2,975 parcels analyzed, and 244 underutilized parcels, or approximately 8.2 percent of the parcels analyzed, as shown in Table V-4.<sup>14</sup> A parcel was considered vacant if no temporary or permanent structures were present or if no designated uses occurred on the parcel. A parcel was considered underutilized if a substantial portion of the parcel was vacant or not fully utilized to its designated potential according to the City's Planning Code.

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<sup>12</sup> Industrial gross rents assume the cost of renting the space plus some utilities and janitorial services, while the landlord covers property taxes, insurance, and maintenance of the roof and outer walls. According to brokers, typical rents range from \$0.40 to \$0.80 per square foot per month; this analysis assumes the highest market rent.

<sup>13</sup> Based on Seifel Consulting's experience.

<sup>14</sup> The 2,975 parcels include the Candlestick Park parcel and all of the parcels in the SFHA Properties.



**Table V-4  
Vacant and Underutilized Parcels in Project Area B  
Hunters Point Redevelopment Plan Amendment**

<b>Item/Description</b>	<b>Number of Parcels</b>	<b>Percentage of Total</b>
<b>Total Parcels</b>	<b>2,975</b>	<b>100%</b>
Vacant Parcels	302	10.2%
Underutilized Parcels	244	8.2%
<b>Total – Vacant and Underutilized</b>	<b>546</b>	<b>18.3%</b>

Source: Building and Existing Conditions Survey, 2002 and 2003

As shown in Figure V-3, which illustrates the location of the vacant and underutilized parcels in Project Area B, concentrations of vacant parcels are located in South Basin, near Yosemite Slough and the northern industrial area along Cesar Chavez and Bayshore Boulevard. Underutilized parcels are spread throughout Project Area B, including South Basin, the northern industrial area along Cesar Chavez, and the southwest portion of Project Area B near Third Street and Egbert Avenue.

**b. Vacant and Underutilized Buildings**

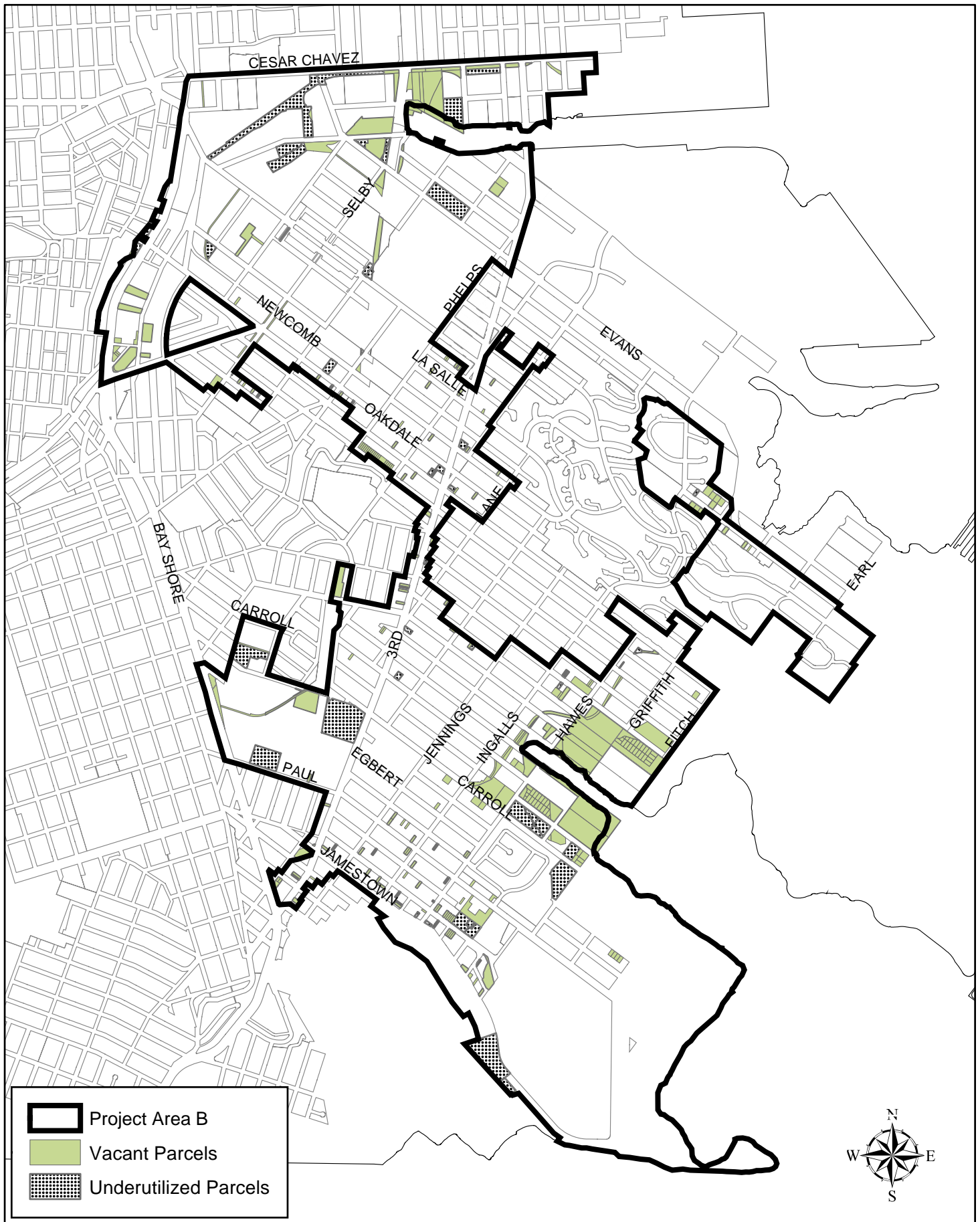
**Industrial**

In 2004, Seifel Consulting surveyed brokers on commercial spaces in the Bayview. Smaller industrial space (i.e., less than 10,000 square feet) was extremely active in San Francisco at the time of the survey. However, large industrial space (greater than 50,000 square feet) had a very low demand. Approximately 90 percent of the deals completing were for tenants looking for 2,000 to 10,000 square feet, with an average requirement of 6,000 square feet.<sup>15</sup> Minimal demand existed for large industrial spaces in San Francisco. The low demand for large industrial spaces continues to exist in 2006. Brokers reported that the Bayview has several large industrial properties, such as the former Coca Cola Syrup plant, Just Desserts, and the Swiss American Sausage Company, which have been vacant for significant periods of time or are underutilized.<sup>16</sup> Of the four million square feet of vacant industrial property from South of Market to Candlestick Park, two million square feet were large industrial properties. Other examples in or near Project Area B include:

- Telecom Hotel at Egbert between Bayshore and Newhall: A 300,000 square foot building built in 2000 as a Telecom Hotel but never used for the originally intended purpose. It is underutilized as a storage facility.
- Former warehouses on both sides of Selby Street between Kirkwood and Newcomb Avenues: These buildings total 500,000 square feet, but do not appear to be up to current building code requirements. The owners had not modernized the properties. Despite their competitive lease rate of \$0.40 per square foot (industrial gross), these buildings were not fully leased due to their poor condition and immense size.

<sup>15</sup> Chris Harney, HC&M Commercial, April 13, 2004.

<sup>16</sup> Chris Harney and Joe Harney, HC&M Commercial, April 22, 2004 and December 16, 2005.



**SI** **RA** **FIGURE V-3**  
**Vacant / Underutilized Parcels**

A discrepancy exists in the market between the demand for large industrial buildings and the supply of large industrial spaces that has not been addressed. In addition, it would be infeasible to subdivide these large properties due to the costly nature of adding subdividing firewalls, reconfiguring the space to suit multiple users, and creating additional entrances and facilities. Despite the active industrial market, these modern properties remain vacant or are underutilized and contribute to a significant amount of vacant or underutilized buildings in Project Area B.

Furthermore, it should be noted that a considerable number of large industrial businesses with an average space requirement of 40,000 square feet have left the City. Many of the businesses that left were formerly located in or near Project Area B and include Parisian Bakeries Inc., Mulholland Brothers leather goods, Swiss American Sausage, Odwalla Juice, Just Desserts and Coco Cola Syrup plant. The loss of large industrial operations in Project Area B means more vacant and underutilized large buildings with little chance of being leased in the current industrial market. The departure of many of these businesses has left Project Area B with several large vacant or underutilized properties.

Appendix C includes photographs of vacant and underutilized industrial buildings.

### **Retail**

Retail property is concentrated in two locations within Project Area B, namely the Third Street corridor and Bayshore Boulevard. Two local real estate brokers confirmed that retail properties have long suffered from higher vacancy levels than other comparable areas, a condition exacerbated by the perception of crime in the area.<sup>17</sup>

The Conley Consulting Group Third Street Retail Assessment documented how retail property along Third Street suffers from a high level of vacancy in a concentrated corridor. As can be seen in Table V-5 the retail vacancy rate along the portion of Third Street located within Project Area B was 9.2 percent.<sup>18</sup>

**Table V-5  
Third Street Retail Vacancies  
Hunters Point Redevelopment Plan Amendment**

<b>Category</b>	<b>Central Corridor<sup>a</sup></b>	<b>South Corridor<sup>b</sup></b>	<b>Total Project Area B</b>
Vacant	8	5	13
Total Outlets	78	64	142
Percentage	10.3%	7.8%	9.2%

a. The Central Corridor spans from Jerrold Avenue to Shafter Avenue on Third Street.

b. The South Corridor spans from Shafter Avenue to Bayshore Boulevard on Third Street.

Source: Conley Consulting Group, Survey performed Fall 2002, Third Street Retail Assessment, January 2003, p.17, and Seifel Consulting interviews with brokers in April 2004 and January 2006.

<sup>17</sup> Refer to Appendix A for a list of brokers interviewed for this report.

<sup>18</sup> The North Corridor, which spans from Cesar Chavez to Jerrold Avenue, is mostly located within the Bayview Industrial Triangle and India Basin Industrial Park Redevelopment Project Area s.

Bayshore Boulevard also suffers from a large number of vacancies from large vacant buildings formerly used for regional retail. The former Goodman's Lumber site at Cortland Avenue and Bayshore Boulevard is a 50,000 square foot property that has been vacant for over 14 years, while the Whole Earth Access site on Bayshore Boulevard adjacent to the former Goodman's site to the north, has been vacant for at least 10 years.

Appendix C includes photographs documenting vacant and underutilized commercial retail buildings.

### **c. Low Lease Rates**

#### **Industrial**

The industrial space available in Project Area B as well as across the City is limited, a condition that typically drives lease rates up. In particular, small space for local contractors is in high demand. However, industrial lease rates in the Bayview are low for such a tight market. In the 2004 Seifel Consulting survey, the highest rates in the Bayview were found in the slightly larger buildings in India Basin Industrial Park adjacent to Project Area B, which leased for \$0.75 to \$0.80 per square foot (including gross), 15 to 23 percent higher than the rent in Project Area B. This industrial park was redeveloped through implementation of the India Basin Industrial Park Redevelopment Project, which was adopted in 1969 and includes 33 newly constructed industrial buildings. The lease rates in Project Area B ranged from \$0.40 to \$0.70 per square foot (industrial gross), depending on the quality of the product. The area with the highest rates within Project Area B was the Produce Market area, which leased for \$0.65 to \$0.70 per square foot (industrial gross). Other areas within Project Area B, such as South Basin, leased at lower rates of \$0.40 to \$0.60 per square foot.

Very few large industrial occupiers have closed deals in the Bayview or the rest of San Francisco in recent years. In contrast, the nearby cities of South San Francisco and Brisbane are attracting industrial users. South San Francisco completed two major deals in the First Quarter of 2004, totaling more than 225,000 square feet. Rents ranged from \$0.48 to \$1.23 per square foot (industrial gross).<sup>19</sup> South San Francisco has a greater variety of top quality, newer buildings in the market place, and this product is able to attract major occupiers. Brisbane also attracts large tenants, with one significant deal completed in the First Quarter of 2004 for 60,000 square feet. Rents ranged from \$0.58 to \$1.08 per square foot (industrial gross).<sup>20</sup> Even though the market is smaller in Brisbane, Brisbane competes with South San Francisco, completes major deals, and has higher quality product available than the Bayview. Subsequent conversations with brokers in 2006 confirmed that low industrial lease rates persist in the Bayview.

#### **Retail**

According to local brokers, neighborhood commercial lease rates in Project Area B in 2004 were among the lowest in the City. Lease rates were higher in comparable neighborhoods such as Ingleside, Ocean Avenue, Outer Mission, San Jose Avenue and San Bruno Avenue typically ranging from \$1.50 to \$2.00 per square foot. Typical neighborhood commercial lease rates for retail and office were \$1.00 to \$1.25 per square foot per month for full service space in the Bayview neighborhoods.<sup>21</sup> The neighborhood commercial lease rates in the Bayview are 67 to 83 percent of rents in these other areas.

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<sup>19</sup> BT Commercial, Warehouse Report, North San Mateo County, First Quarter 2004. Rates include San Bruno as well as South San Francisco.

<sup>20</sup> Triple net rate converted at \$0.08 per square foot per BT Commercial Warehouse Report, Fourth Quarter 2003.

<sup>21</sup> George Ho, Independent Broker, April 2004.

In addition, Bayview neighborhood commercial establishments struggle to attract desirable tenants due to the poor condition of buildings along Third Street, the high crime rate, and public improvement deficiencies. One example cited by a local landlord/broker is a landlord seeking a small produce market to locate in his Third Street property, but has been unable to find an operator.<sup>22</sup> In 1994, the Safeway supermarket closed, citing lack of business and crime rates as reasons for closing.<sup>23</sup> No comparable supermarket has opened in the Bayview since then. In 2006, another landlord stated that renting to non-profit organizations has become an option, but at much lower rates than commercial establishments would typically pay.

Furthermore, the ability to attract tenants is hampered by the lack of local brokers specializing in the area. Retail brokers tend to specialize in geographic areas with a concentration of retailers. The perception of the brokerage community is that the Bayview retail market is weak or non-existent for neighborhood serving retailers. The area will likely continue to struggle unless this perception is changed through redevelopment assistance.

### **3. Residential Overcrowding or Problem Businesses [33031(b)(4)]**

#### **a. Residential Overcrowding**

Overcrowded housing generally provides poor quality housing for its residents and can lead to the deterioration of buildings by putting additional wear and use on the structures. Historically, the Bayview area has been overcrowded due to significant influxes of immigrants in conjunction with quickly built housing. In the 1900s, public worker-housing projects were built near the shipbuilding facilities. However, the demand was not met by the developments, and more housing was desperately needed for the workers. So the community responded by leasing bedrooms, making additions to existing housing, and constructing back cottages for rent.<sup>24</sup> More recently, field surveys in Project Area B have indicated that many houses have additions or rear yard back houses with separate addresses.<sup>25</sup> Some of the makeshift modifications to the housing appear to be illegal, unsafe, unhealthy and possibly violate building codes. This historical influence has left traces in the residential overcrowding patterns of today.

Table V-6 shows that residential overcrowding is a significant problem for both renter and owner housing units in Project Area B, compared to the rest of San Francisco. The most recent data on overcrowding is contained in the 2000 U.S. Census. Based on an analysis of Census data, the estimated population of Project Area B in 2000 was about 19,833, occupying 5,351 housing units. Approximately 25.8 percent of occupied housing units in Project Area B were overcrowded or severely overcrowded, more than twice the citywide rate of 12.4 percent.<sup>26</sup> Approximately 12.3 percent of the housing units in Project Area B were severely overcrowded, about 1.5 times the citywide rate of 8.0 percent. In addition, 26.6 percent of the owner-occupied housing units and 25.1 percent of the renter-occupied housing units in Project Area B are overcrowded or severely overcrowded, rates that are more than 2.5 times and 1.5 times the citywide rate, respectively. Refer to Figure V-4 for the census block groups analyzed.

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<sup>22</sup> Linda Blacketer, Independent Broker, April 13, 2004 and January 11, 2006.

<sup>23</sup> "Fresh Look for the Bayview," The Independent, January 6, 2004.

<sup>24</sup> Bayview Hunters Point Community Revitalization Concept Plan, Bayview Hunters Point Project Area Committee, March 2002, p. 25.

<sup>25</sup> Bayview Hunters Point Community Revitalization Concept Plan, Bayview Hunters Point Project Area Committee, March 2002, p. 140, and 2002 and 2003 SFRA Field Surveys.

<sup>26</sup> Overcrowded is defined as housing units with more than one person per room. Severely overcrowded is defined as more than one and a half persons per room, as defined by the U.S. Department of Housing and Urban Development (HUD).

**Table V-6  
Residential Overcrowding  
Hunters Point Redevelopment Plan Amendment**

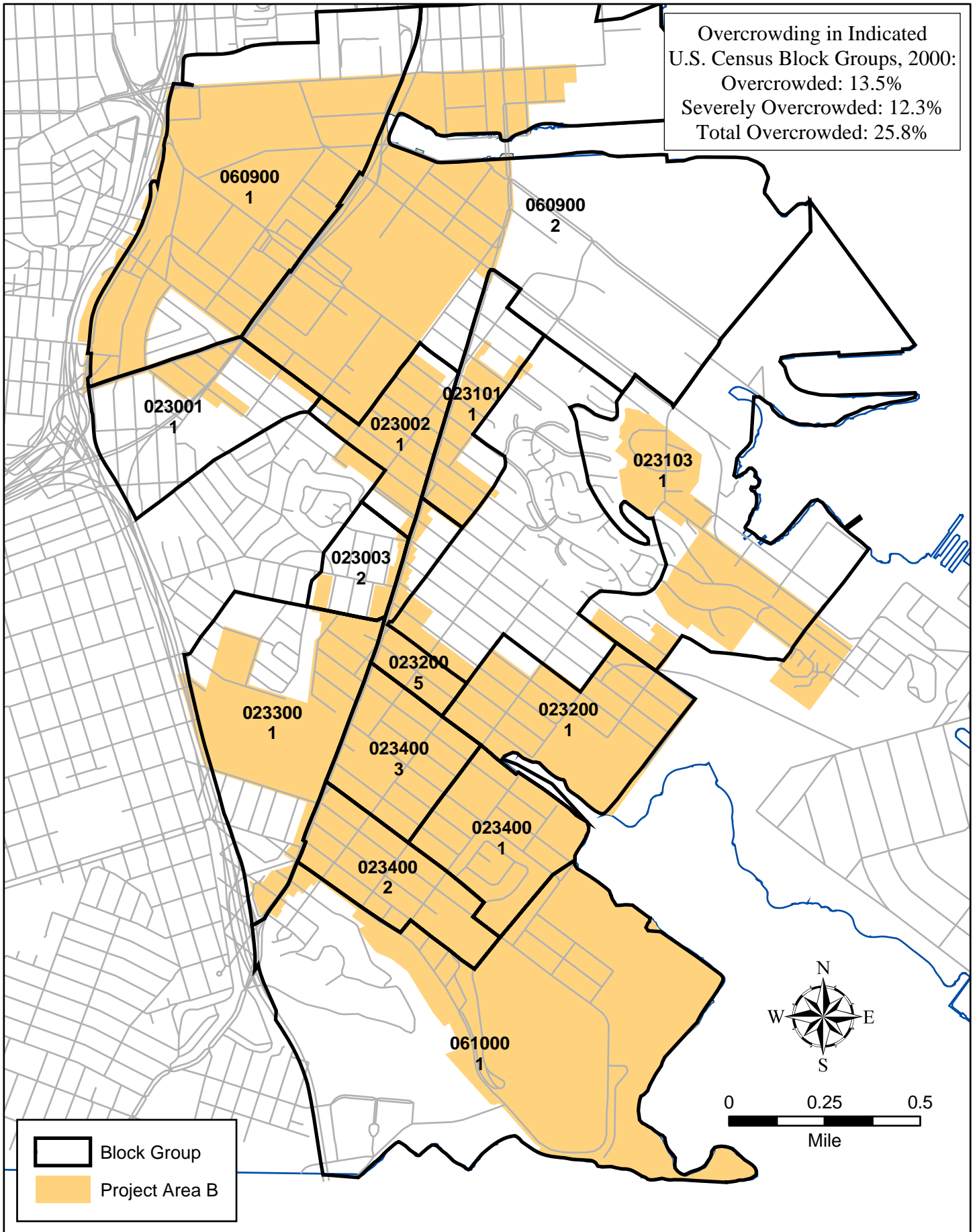
	Project Area B <sup>a</sup>		City of San Francisco	
	Housing Units	Percentage	Housing Units	Percentage
<b>Total (Owner + Renter) Units<sup>d</sup></b>	5,351	100.0%	329,700	100.0%
Overcrowded <sup>b</sup>	720	13.5%	14,497	4.4%
Severely Overcrowded <sup>c</sup>	659	12.3%	26,424	8.0%
<b>Total Overcrowded</b>	<b>1,379</b>	<b>25.8%</b>	<b>40,921</b>	<b>12.4%</b>

<b>Total Owner Housing Units<sup>d</sup></b>	2,352	100.0%	115,315	100.0%
Overcrowded <sup>b</sup>	310	13.2%	5,806	5.0%
Severely Overcrowded <sup>c</sup>	316	13.4%	5,485	4.8%
<b>Total Owner Overcrowded</b>	<b>626</b>	<b>26.6%</b>	<b>11,291</b>	<b>9.8%</b>

<b>Total Renter Housing Units<sup>d</sup></b>	2,999	100.0%	214,385	100.0%
Overcrowded <sup>b</sup>	410	13.7%	8,691	4.1%
Severely Overcrowded <sup>c</sup>	343	11.4%	20,939	9.8%
<b>Total Rental Overcrowding</b>	<b>753</b>	<b>25.1%</b>	<b>29,630</b>	<b>13.8%</b>

Note: Figures may not total exactly due to rounding.

- a. Census Tracts 0230.01 (Block Group 1), 0230.02 (Block Group 1), 0230.03 (Block Group 2), 0231.01 (Block Group 1), 0231.03 (Block Group 1), 0232 (Block Groups 1 and 5), 0233 (Block Group 1), 0234 (Block Groups 1, 2 and 3), 0609 (Block Groups 1 and 2), and 0610 (Block Group 1) were used for this analysis as they mostly closely overlay Project Area B. Refer to Figure V-4.
  - b. Overcrowded is defined as housing units with more than one person per room, as defined by the U.S. Department of Housing and Urban Development (HUD).
  - c. Severely overcrowded is defined as housing units with more than one and a half persons per room, as defined by HUD.
  - d. Excludes vacant units.
- Source: 2000 U.S. Census.



**SI RA** **FIGURE V-4**  
**Census Block Groups for Overcrowding Analysis**

**Hunters Point Redevelopment Project**  
 Source: SFRA, U.S. Census 2000.

## **b. Problem Businesses (Alcoholic Beverage Licenses)**

Another factor of economic blight is an excess of bars, liquor stores, or other businesses catering exclusively to adults that has led to problems of public safety and welfare. Third Street, which runs north south through the center of Project Area B, has a high concentration of bars and stores selling liquor. The presence of so many of these establishments appears to have contributed to public safety and general welfare problems in Project Area B, including loitering, littering and drug trafficking.

The California Department of Alcoholic Beverage Control (ABC) regulates alcoholic beverage licenses. Several subcategories of licenses exist, but the overarching categories are on-sale licenses and off-sale licenses. On-sale licenses allow the consumption of alcoholic beverages on the premises, such as a restaurant or bar, while off-sale licenses are for the sale of alcoholic beverages that are consumed off the premises, such as a package store or grocery store.<sup>27</sup> Off-sale licensed facilities such as liquor stores attract loitering and are a primary location of graffiti in Project Area B.

When an applicant applies for an alcoholic beverage license, ABC notifies the Board of Supervisors and agencies such as the City's police, health, and planning departments. ABC also requires a 30-day posting period for public notification. ABC reviews and investigates the applicant during this time, and also considers if the license will be used in a problem area or an area with an over-concentration of licensed properties. If an applicant meets the requirement, he/she will be granted a license if the maximum number of licenses allowed has not been reached. However, if the applicant can prove that granting the license would serve a public necessity or convenience, then the license can be approved regardless of whether the maximum number of licenses has been reached. The number of licenses allowed in an area is determined by population according to the most recent U.S. Census.

The current ABC ratios are one on-sale license per 2,000 population, and one off-sale license per 2,500 population. These determinations only guide the licenses issued for selling hard liquor. No restrictions exist for limiting the number of outlets selling beer and wine only. This can lead to a high concentration of outlets selling alcohol in an area despite the ABC limitations.

In order to assess the number of alcoholic beverage licenses within Project Area B, license data was obtained from the ABC for the ten Census Tracts that contain Project Area B.<sup>28</sup> According to ABC ratios, 101 on-sale licenses and 42 off-sale licenses could be licensed in the Census Tracts that contain Project Area B. As of 2005, 33 establishments had active on-sale licenses and 35 establishments had active off-sale licenses in the Census Tracts that contain Project Area B. These ten Census Tracts also include areas and populations located outside of Project Area B. Focusing only on Project Area B, 22 of the 33 active on-sale licenses, or 67 percent, were located in Project Area B, while 19 of the 35 active off-sale licenses were in Project Area B, or 54 percent. Essentially one alcoholic beverage license exists per 484 residents in Project Area B, a concentration that is four to five times greater than the ABC ratio of licenses to population.<sup>29</sup>

Many of the off-sale establishments are concentrated along Third Street. Of particular note is Census Tract 0230.02, which encompasses the segment of Third Street between Jerrold and Revere Avenues. This tract has an over-concentration of off-sale licenses, with six active off-sale licenses in a tract where only three off-sale active licenses would be allowed under ABC ratios.

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<sup>27</sup> A package store is a term used by ABC to describe an outlet selling primarily alcoholic beverages.

<sup>28</sup> The Census Tracts used for this analysis are 0230.01, 0230.02, 0230.03, 0231.01, 0231.03, 0232, 0233, 0234, 0609, and 0610.

<sup>29</sup> This is based on a total population in Project Area B of 19,833.



For at least the past decade, Bayview community members have expressed concerns about the concentration of businesses selling alcoholic beverages along the Third Street corridor in the Bayview. A negative perception is fostered along the corridor by the image and appearance of Third Street with liquor stores and loitering, vacant buildings and lots, and security bars or gates covering most storefronts. The section of the Third Street corridor that is located in Project Area B contains 12 package stores and 1 bar. In response to community concerns, the area's representative to the Board of Supervisors, District 10 Supervisor Sophie Maxwell, introduced legislation to create the Third Street Alcohol Restricted Use District (RUD), which prohibits new liquor establishments and regulates existing non-conforming liquor establishments. The Third Street Alcohol RUD is generally bounded to the north by Islais Creek; to the west by Quint, Phelps, and Tampa Streets, Bridgeview Drive, Newhall and Venus Streets, and Egbert Avenue; to the South by US Highway 101; and to the east by Mendell Street, La Salle Avenue, and Keith, Palou, Jennings and Ingalls Streets. The legislation, adopted in 2003, includes the following language:

*There is an unusually large number of establishments dispensing alcoholic beverages, including beer and wine, for both on-site and off-site consumption in the Bayview Area. The existence of this many alcoholic beverage establishments appears to contribute directly to numerous peace, health, safety and general welfare problems in the area, including loitering, littering, drug trafficking, prostitution, public drunkenness, defacement and damaging of structures, pedestrian obstructions, as well as traffic circulation, parking and noise problems on public streets and neighborhood lots.<sup>30</sup>*

The multitude of bars and stores selling alcohol in Project Area B can be seen in Table V-7, and the over-concentration along Third Street is clearly demonstrated in Figure V-5. Many retail establishments near these adult-serving businesses have closed and have not been replaced, contributing to the Third Street corridor's decline.

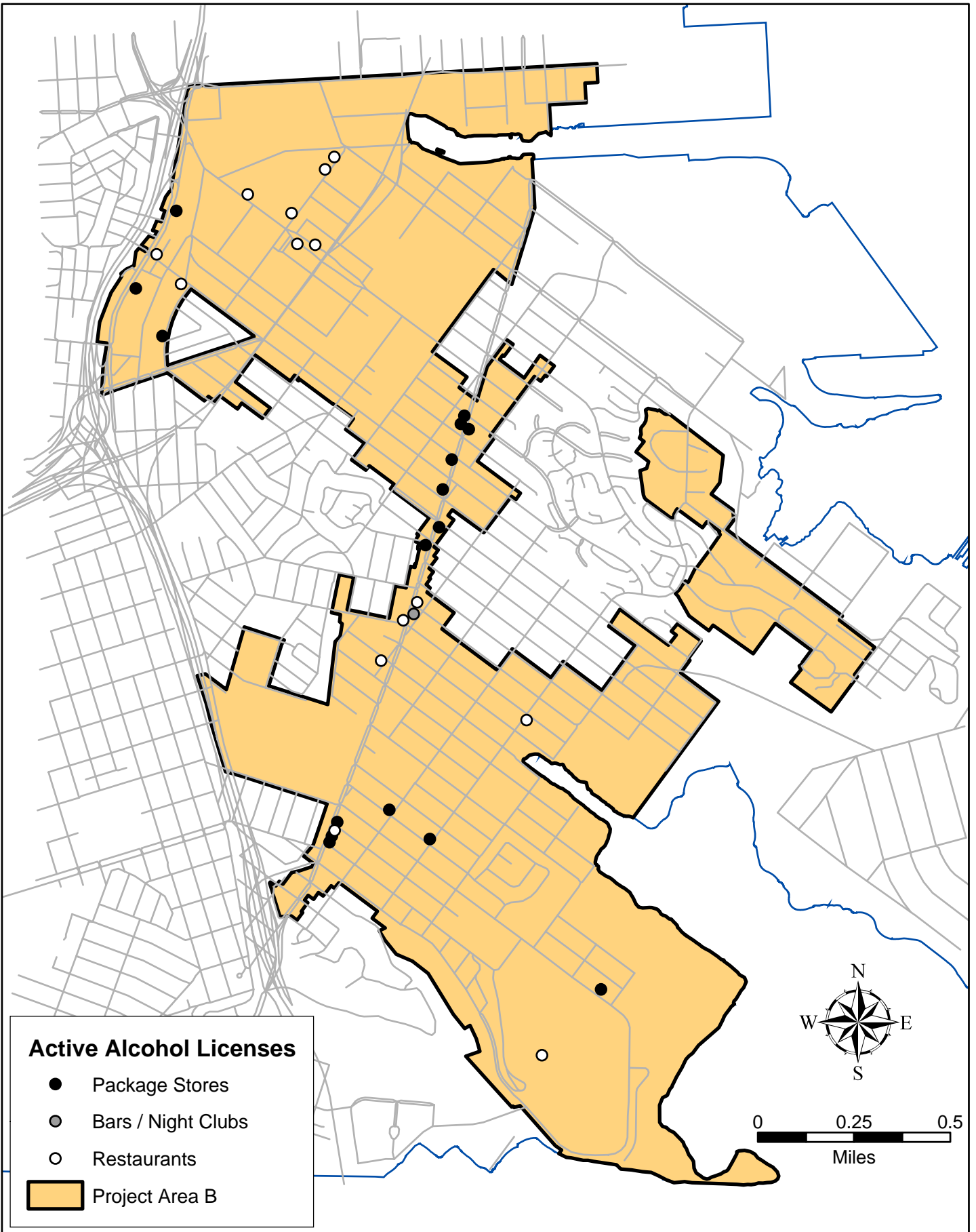
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<sup>30</sup> City of San Francisco Ordinance 67-03, Section 2.

**Table V-7  
Active Alcoholic Beverage Licenses in Project Area B by Type  
Hunters Point Redevelopment Plan Amendment**

<b>Census Tract</b>	<b>Type</b>	<b>Description</b>	<b>Licensed Premises Address</b>
023002	Off Sale	Package Store	4508 Third Street
023002	Off Sale	Package Store	4500 Third Street
023002	Off Sale	Package Store	4830 Third Street
023002	Off Sale	Package Store	4700 Third Street
023003	Off Sale	Package Store	5100 Third Street
023101	Off Sale	Package Store	4517 Third Street
023200	Off Sale	Package Store	5001 Third Street
023300	Off Sale	Package Store	6299 Third Street
023400	Off Sale	Package Store	6275 Third Street
023400	Off Sale	Package Store	6245 Third Street
023400	Off Sale	Package Store	2830 Ingalls Street
023400	Off Sale	Package Store	1300 Fitzgerald Avenue
060900	Off Sale	Package Store	355 Bayshore Boulevard
061000	Off Sale	Package Store	650 Gilman Avenue
060900	Off Sale/On Sale	Package Store/Bar, Tavern	201 Bayshore Boulevard
023200	On Sale	Bar, Night Club	5267 Third Street
060900	On Sale	Bar, Night Club	550 Barneveld Avenue
023200	On Sale	Restaurant	Candlestick Park Stadium
023200	On Sale	Restaurant	5298 Third Street
023200	On Sale	Restaurant	2101 Ingalls Street
023200	On Sale	Restaurant	5251 Third Street
023300	On Sale	Restaurant	1705 Yosemite Street
023400	On Sale	Restaurant	6251 Third Street
060900	On Sale	Restaurant	16 Toland Street
060900	On Sale	Restaurant	150 Toland Street
060900	On Sale	Restaurant	2723 Oakdale Avenue
060900	On Sale	Restaurant	2045 Jerrold Avenue
060900	On Sale	Restaurant	2020 Jerrold Avenue
060900	On Sale	Restaurant	480 Toland Avenue
060900	On Sale	Restaurant	299 Bayshore Boulevard
060900	On Sale	Restaurant	224-6 Jerrold Avenue

Source: Department of Alcoholic Beverage Control, January 13, 2006.



**SI** **FIGURE V-5**  
**RA** **Concentration of Alcoholic**  
**Beverage License Locations**

**Hunters Point Redevelopment Project**  
Source: Department of Alcohol and Beverage Control,  
2002 and 2003 Field Surveys

#### **4. High Crime Rate [33031(b)(5)]**

Another factor of economic blight is a high crime rate that constitutes a serious threat to public safety and welfare. (CRL Section 33031(b)(5)).

Project Area B is located in the Bayview District of the San Francisco Police Department (SFPD), which is served by the Bayview Station located at 201 Williams Street. Data and information on Part I crimes were collected from, and interviews were performed with, the SFPD and the SFHA for Project Area B crime analysis. Part I crime offenses consist of criminal homicide, forcible rape, robbery, aggravated assault, burglary, other larceny theft, and arson. For purposes of this report, data was not collected for arson, and Project Area B is comprised of approximately 43 SFPD plots, as shown in Figure V-6.<sup>31</sup> Each SFPD district is divided into areas called plots for purposes of patrolling and reporting crimes. A plot was included in the analysis if the majority of the plot's area is located in Project Area B. All plots located along Third Street were included in the analysis since a high rate of criminal activity tends to occur along this commercial corridor.

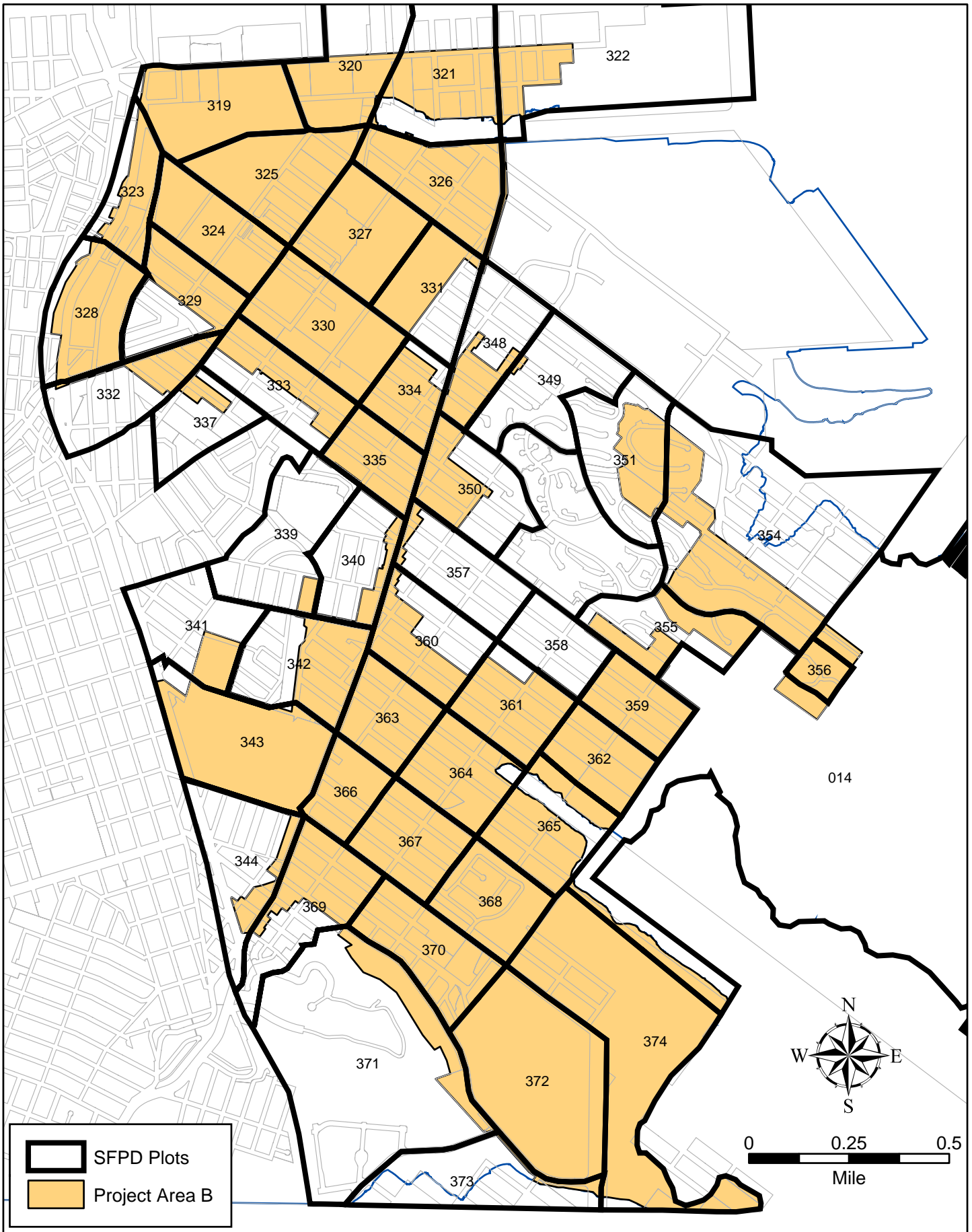
Project Area B is plagued by a high crime rate that constitutes a serious threat to the public safety and welfare of its citizens. Violent crimes, which include homicide, rape, robbery and aggravated assault, are particularly problematic in Project Area B. The high crime rate contributes an intimidating environment for residents and businesses and a negative image for the Bayview. Crimes against persons and property, such as assault and robbery, discourage patronage and add to the cost of doing business.

The prevalence of crime in Project Area B also contributes to its economic stagnation. Numerous commercial real estate brokers mentioned crime as a problem to current tenants and a deterrent to prospective tenants. One experienced broker who has worked in the Bayview for the past 14 years believes that companies choose to leave San Francisco rather than locate in the Bayview due to the "horrible perceptions of crime." He said that many of his clients have been "robbed, solicited for prostitution and had guns pulled on them." Another broker stated that companies would not locate in Project Area B because of the high crime rate. He also noted that "safety is a major issue" for tenants in Project Area B. He ceased brokering properties on Third Street because he did not feel it was safe for him or his tenants.<sup>32</sup>

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<sup>31</sup> Plots 351 and 374, although in Project Area B, did not contain crime incident data and were not included in the analysis. As discussed earlier in this chapter, SFPD believes Plot 351 crime incidents were included in Plot 352 due to computer error, but could not confirm. According to SFPD, it is possible that plot 374 had no crime incidents from 1999 through 2003.

<sup>32</sup> Refer to Appendix A for a list of brokers interviewed for this report.



**FIGURE V-6**  
**Project Area B SFPD Plots**

According to Bayview Station SFPD Captain Albert Pardini, the area's high crime rate is the primary concern of residents in the Bayview, and crimes that occur in the area, specifically Project Area B, are more violent and serious than other crime incidents in the City.<sup>33</sup> As shown in Table V-8, 35 percent of all Part I crimes in Project Area B were violent crimes between 1999 and 2005 compared to 14 percent citywide.

**Table V-8**  
**Violent Crimes, Project Area B and Citywide, 1999-2005**  
**Hunters Point Redevelopment Plan Amendment**

Violent Crime	Project Area B	Citywide
Homicide	57	448
Rape	117	1,434
Robbery	1,277	23,673
Aggravated Assault	1,754	18,123
<b>Total Violent Crimes</b>	<b>3,205</b>	<b>43,678</b>
<b>Total Part I Crimes</b>	<b>9,135</b>	<b>305,227</b>
<b>Violent Crimes as % of Total Part I Crimes</b>	<b>35%</b>	<b>14%</b>

Source: SFPD, Seifel Consulting

Furthermore, Project Area B experienced more violent crimes per person than the City as whole from 1999 to 2005. As shown in Table V-9, Project Area B experienced violent crimes per 1000 residents at approximately three times the rate of the City as a whole between 1999 and 2005; 162 violent crimes occurred per 1000 residents in Project Area B, compared to 56 violent crimes per 1000 residents citywide.

**Table V-9**  
**Violent Crimes Per 1,000 Residents, Project Area B and Citywide, 1999-2005**  
**Hunters Point Redevelopment Plan Amendment**

Violent Crime	Project Area B	Citywide
Homicide	2.9	0.6
Rape	5.9	1.8
Robbery	64.4	30.5
Aggravated Assault	88.4	23.3
<b>Total Violent Crimes</b>	<b>161.6</b>	<b>56.2</b>

Source: SFPD, Seifel Consulting

A high homicide rate, in particular, is pervasive in Project Area B, especially when compared to its share of the City's population. Almost 20,000 people, or 2.6 percent of the City's population, live in Project Area B. However, between 1999 and 2005, almost 13 percent of all homicides in the City occurred in Project Area B, as shown in Table V-10.

<sup>33</sup> Interview with Captain Rick Pardini, San Francisco Police Department, February 8, 2006.

**Table V-10**  
**Homicides, 1999-2005, and Population, Project Area B and Citywide**  
**Hunters Point Redevelopment Plan Amendment**

	<b>Project Area B</b>	<b>Citywide</b>	<b>Project Area B as a % of Citywide</b>
Total Number of Homicides, 1999-2005	57	488	<b>12.7%</b>
2000 Population	19,833	776,733	<b>2.6%</b>

Source: SFPD, 2000 U.S. Census, Seifel Consulting

San Francisco experienced the highest number of homicides in the city for decades in 2005, many of which occurred in the Bayview. In 2005, 96 people were killed in San Francisco, up from 88 in 2004. Part of this jump in homicides is attributed to younger gunmen and an increase in homicides committed with guns, particularly in the Bayview and the Western Addition. In 2004 and 2005, half of the suspects and nearly a third of the victims were between the ages of 19 and 24.<sup>34</sup> As a result of the increased violence in Bayview, particularly along Third Street, many business owners are concerned for the health and safety of themselves, customers and employees.

In response to the surge of homicides in the City, Mayor Gavin Newsom made combating gang violence a priority. Mayor Newsom began meeting with gang members in the Bayview area and making unannounced visits to crime scenes in an effort to reduce the violence. Also, police presence was increased in the area. The California Highway Patrol initiated “Operation Impact” in the Bayview, where officers stop drivers for moving and traffic violations or car infractions to help curtail potential precursors to violent crimes.<sup>35</sup> At the end of 2005, the Board of Supervisors established a select committee on ending gun and gang violence, with one purpose of looking more closely at the scale of the problem and the specific neighborhoods that are affected, such as the Bayview area.<sup>36</sup>

According to Captain Pardini, gangs are associated with a large portion of the violent criminal activities that occur in Project Area B. The Bayview has the highest number of gang members of all San Francisco’s neighborhoods.<sup>37</sup> Len Broberg of the SFPD Gang Task Force stated that four gangs are prominent in the Bayview, including the Westmob, Big Block, BNGGAS, and Oakdale Mob gangs. The territories of all the major gangs in the Bayview are located in Project Area B.<sup>38</sup> Two of the top members of the Big Block gang have pleaded guilty in a series of drug-related shootings following a wide-ranging federal investigation in San Francisco, but problems still persist.<sup>39</sup> Captain Pardini also stated that the “hot spots” of criminal activity and gang-related criminal activity in the Bayview are the SFHA properties, which are located in Project Area B and previously discussed in this report.

<sup>34</sup> “More guns, younger gunmen spur jump in S.F. homicides,” The San Francisco Chronicle, January 31, 2006.

<sup>35</sup> “CHP Crime Sweep,” The San Francisco Examiner, May 5, 2004.

<sup>36</sup> “No Arrests Made in 80% of Homicides,” The San Francisco Chronicle, December 13, 2005.

<sup>37</sup> San Francisco Department of Children, Youth and Their Families, the Juvenile Probation Department and the Mayor’s Criminal Justice Council, San Francisco Gang Free Communities Initiative Assessment Report, prepared by Resource Development Associates, November 2002, p. 2.

<sup>38</sup> Interview with Len Broberg, San Francisco Police Department Gang Task Force, April 22, 2004.

<sup>39</sup> “2 Guilty Pleas Finish Case Against Gang,” The San Francisco Chronicle, December 15, 2005.

According to the 2002 San Francisco Gang Free Communities Initiative Assessment Report, a study on gang violence in San Francisco by the San Francisco Department of Children, Youth and Their Families, the Juvenile Probation Department and the Mayor's Criminal Justice Council, the Bayview has the second highest rate of suspected gang crime in the City.<sup>40</sup> Furthermore, gang-related violent crimes account for a high percentage of total violent crimes in the Bayview, much higher than the citywide total.<sup>41</sup> As shown in Table V-11, 20 percent of violent crimes were gang-related in the Bayview between 1999 and 2001, compared to 10 percent citywide. More specifically, 45 percent of homicides and attempted homicides that occurred in the Bayview during the same time period were gang-related, compared to 11 percent citywide.<sup>42</sup>

**Table V-11  
Violent Crime and Gang Related Violent Crimes, Bayview and Citywide, 1999-2001  
Hunters Point Redevelopment Plan Amendment**

	Bayview Hunters Point			Citywide		
	Violent Crimes	Gang Violent Crimes	Percent Gang Crimes of Violent Crimes	Violent Crimes	Gang Violent Crimes	Percent Gang Crimes of Violent Crimes
Homicide	11	5	45%	151	17	11%
Aggravated Assault	145	25	17%	1,648	160	10%
Rape	16	2	13%	272	15	6%
Robbery	80	18	23%	1,204	121	10%
<b>Violent Crimes</b>	<b>252</b>	<b>50</b>	<b>20%</b>	<b>3,275</b>	<b>313</b>	<b>10%</b>

Source: San Francisco Gang Free Communities Initiative Assessment Report, November 2002.

According to Mike Roetzer, criminal activity has a tendency to migrate outside of the SFHA properties into abutting neighborhoods. The SFHA has police officers providing community policing on its properties. He stated that nearby housing developments have hired private security to patrol their neighborhoods and discourage criminal activities. The community police on SFHA properties and private security on abutting properties, in combination with regular SFPD patrols, are working to reduce crime in the SFHA properties and its impact on nearby neighborhoods and developments.<sup>43</sup>

<sup>40</sup> San Francisco Gang Free Communities Initiative Assessment Report, November 2002, p. 3.

<sup>41</sup> The 2002 San Francisco Gang Free Community Initiative Assessment Report analyzed Bayview Hunters Point in its entirety, not solely Project Area B.

<sup>42</sup> San Francisco Gang Free Communities Initiative Assessment Report, November 2002, p. 17.

<sup>43</sup> Interview with Mike Roetzer, San Francisco Housing Authority, May 2004 and January 2006.



## **C. Conclusion for Economic Blighting Conditions in Project Area B**

Project Area B suffers from several economic problems. Four of the five statutorily defined conditions of economic blight are substantial and pervasive throughout Project Area B:

- Depreciated values or impaired investments,
- Economic indicators of distressed buildings or lots,
- Residential crowding or problem businesses, and
- A high crime rate.

The economic blighting factor of depreciated values and impaired investments is manifested in the presence of potentially hazardous or toxic materials, poor economic performance of retail businesses, inability of industrial space to meet current user demands, and inability of the private sector to construct or invest in industrial properties. Sales tax revenues from the retail businesses in Project Area B have not kept pace with the retail businesses citywide.

The presence of vacant and underutilized parcels in an urbanized area is an economic indicator of blight because the private sector on its own has been unable to develop the properties. The field survey identified 10 percent of the 2,975 parcels analyzed as vacant, and approximately 8 percent of the parcels as underutilized. Brokers reported that the Bayview has several large industrial properties that have been vacant for significant periods of time or are underutilized. In addition, Third Street suffers from a high level of vacancy in a concentrated retail corridor. Industrial lease rates in the Bayview are low for such a tight market and are among the lowest in the City.

Residential overcrowding is a significant problem for both renter and owner housing units in Project Area B, which has over twice the level of overcrowding as compared to the rest of San Francisco.

Another factor of economic blight existing in Project Area B is an excess of bars, liquor stores, or other businesses catering exclusively to adults that has led to problems of public safety and welfare. Third Street, which runs north south through the center of Project Area B, has a high concentration of bars and stores selling liquor, which has contributed to public safety problems.

Project Area B has a high crime rate. Violent crimes, which include homicide, rape, robbery and aggravated assault, are particularly problematic in Project Area B. The high crime rate contributes an intimidating environment for residents and businesses and a negative image for the Bayview. Crimes against persons and property, such as assault and robbery, discourage patronage and add to the cost of doing business.

The analysis of blighting conditions in Project Area B indicates that these conditions are so substantial and prevalent that they constitute economic blight. Thus, redevelopment is necessary for Project Area B to reach its full potential.

# VI. Redevelopment Program Description

## A. Introduction

This chapter describes the Redevelopment Program, including the projects, activities and expenditures proposed to implement the Amended Bayview Hunters Point Redevelopment Project. This program is designed to meet the objectives of the CRL and the Plan Amendment, as well as to enable the Agency to continue to meet its redevelopment mission in San Francisco.

The Agency's Redevelopment Program is organized broadly into two categories that reflect the division of tax increment revenues into funds that can be used for any redevelopment purpose (Non-Housing Redevelopment Program) and those specifically related to the Agency's affordable housing endeavors (Affordable Housing Program). The Redevelopment Program is based on the Bayview Hunters Point Community Revitalization Concept Plan (Concept Plan) that was developed by the Bayview Hunters Point Project Area Committee (PAC) and other members of the community with Agency support. It is also based on the Bayview Hunters Point Framework Housing Program, as approved by the PAC. The Concept Plan presented seven revitalization strategies and defined a range of actions promoting positive change:

- Promote local economic and employment development first.
- Improve education, training and employment opportunities for residents.
- Focus coordinated investments in high priority areas where they will have the greatest visibility and impact.
- Encourage civic participation through interactive public processes and foster cultural development through the arts.
- Conserve existing housing and provide new housing.
- Address environmental problems and identify opportunities that increase the quality of life.
- Improve the physical environment and transportation systems.

The Redevelopment Program represents projects and activities that will have both immediate and long-term benefits. Sections D and E below describe the projects and activities in the Redevelopment Program. The Redevelopment Program is a long-term effort that applies primarily to Project Area B. In addition, as part of the proposed Plan Amendment, the Agency plans to assist with activities in Project Area B that are intended to reduce the high crime rates in both Project Area A and Project Area B. Implementation of this program will occur over the next three decades.

### 1. Chapter Organization

Section B of this chapter includes the objectives of the Amended Redevelopment Plan. Section C describes the relationship between the Redevelopment Program and the alleviation of blighting conditions. Section D describes the two overarching categories of the Agency's Non-Housing Redevelopment Program and their respective projects and activities. (Refer to Chapter VII for a description of sources that may be used by the Agency to help fund the proposed projects and activities.) Section D also includes summaries of deficiencies to be corrected and cost estimates of the proposed projects and activities. Section E describes the Affordable Housing Program.

## **B. The Plan Amendment Objectives**

The Plan Amendment will be undertaken to achieve the purposes of the CRL and General Plan of the City and County of San Francisco. The following objectives, intended to eliminate physical and economic blighting conditions, were established in conjunction with the PAC and members of the community at large. Together with design guidelines and zoning regulations, these objectives will guide the direction of all future development within Project Area B.

- Providing opportunities for participation by owners in the redevelopment of their properties.
- Increasing the community's supply of housing by facilitating economically feasible, affordable housing for existing very low-, low- and moderate-income households and residents in the community.
- Strengthening the economic base of the Project and the community by strengthening retail and other commercial functions within the Project through the facilitation of new retail space, and as appropriate, new commercial and light industrial uses.
- Retaining existing residents and existing cultural diversity to the extent feasible.
- Encouraging participation of area residents in the economic development that will occur.
- Supporting locally owned small businesses and local entrepreneurship.
- Facilitating emerging commercial-industrial sectors through facilitating improvement of transportation access to commercial and industrial areas, improvement of safety within the Plan Area, and the installation of needed site improvements to stimulate new commercial and industrial expansion, employment, and economic growth.
- Facilitating public transit opportunities to and within the Project to the extent feasible.
- Providing land, as feasible and appropriate, for publicly accessible open spaces.
- Facilitating the preservation, rehabilitation, and seismic retrofitting of historic buildings and other landmarks.
- Providing assistance towards the improvement of key transportation routes to meet the needs of alternative transportation modes, industrial trucking operations, and emergency operations.
- Eliminating blighting influences and correcting environmental deficiencies within the Project, including, but not limited to, abnormally high vacancies; abandoned, deteriorated and dilapidated buildings; incompatible land uses; depreciated or stagnant property values; and inadequate or deteriorated public improvements, facilities and utilities.
- Removing structurally substandard buildings, removing impediments to land development, and facilitating modern, integrated development with improved pedestrian and vehicular circulation within the Project and vicinity.
- Redesigning and developing undeveloped and underdeveloped areas, which are improperly utilized.
- Providing flexibility in the development of real property within the Project to respond readily and appropriately to market conditions.

## **C. Relationship Between the Redevelopment Program and Alleviation of Blighting Conditions and Description of Redevelopment Program**

The Redevelopment Program aims to alleviate the blighting conditions that interfere with revitalization of Project Area B by improving the economic conditions, stimulating private development and meeting the Agency's affordable housing obligation. As discussed in Section B, the Redevelopment Program has been designed to meet the CRL requirement that Agency expenditures be linked to the elimination of blighting conditions. Project Area B suffers from a variety of physical and economic blighting conditions that must be alleviated if the area is to be revitalized. Project Area B will benefit from a coherent revitalization and economic development strategy that is coordinated with the City's overall goals and the Concept Plan. In general, the Redevelopment Program is designed to:

- Revitalize areas that exhibit physical and economic blight.
- Stimulate private investment and appropriate development within the seven activity nodes.
- Improve circulation, infrastructure, public facilities and utilities.
- Provide tax increment funds for the redevelopment activities that are needed to alleviate blighting conditions.
- Create affordable housing, both rental and ownership units.
- Create a pedestrian and transit-oriented mixed use neighborhood along the Third Street corridor.
- Stimulate industrial and other job development.

The Redevelopment Program will alleviate the blighting conditions identified in Chapters IV and V. Table VI-1 provides a matrix summarizing the relationship between the blighting conditions described in Chapters IV and V and the projects proposed in Project Area B to alleviate these conditions. In Section D, each description of the Redevelopment Program components includes a description of the deficiencies to be corrected. The Agency's affordable housing activities, described in Section E, alleviate blighting conditions directly by creating affordable housing and contribute to overall revitalization and improvement of neighborhoods in Project Area B.

The Agency's costs of implementing the Redevelopment Program in constant FY 2005/06 dollars are \$93.9 million for the Agency Non-Housing Redevelopment Program and \$93.9 million for the Affordable Housing Program.<sup>1</sup>

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<sup>1</sup> Agency Non-Housing Redevelopment Program costs of \$93 million (constant FY 200/06 dollars) are the available funds remaining after the deduction of pass-through payments to taxing entities, Agency administration costs, and the Agency's Affordable Housing Program.

**Table VI-1  
How the Redevelopment Program Will Alleviate Blighting Conditions  
Hunters Point Redevelopment Plan Amendment**

	Redevelopment Program							
	Economic Development				Community Enhancement			
	Planning and Predevelopment	Site Preparation and Development	Economic Revitalization	Public Infrastructure and Facilities	Circulation	Public Open Space	Affordable Housing	
<b>Deficient or Deteriorated Buildings</b>	■	■	■	■			■	
<b>Factors Inhibiting Proper Use of Building or Lots</b>	■	■	■	■	■		■	
<b>Incompatible Uses</b>	■	■	■	■	■			
<b>Depreciated Values/Impaired Investments</b>	■	■	■	■			■	
<b>Economic Indicators of Distressed Buildings or Lots</b>	■	■	■	■			■	
<b>Residential Overcrowding or Problem Businesses</b>	■	■	■				■	
<b>High Crime Rate</b>	■		■	■	■		■	
<b>Deficient Public Improvements<sup>a</sup></b>				■	■		■	

a. Although not considered physical or economic blight under the CRL, the existence of deficient public improvements contributes to blighting conditions in the Added Area.

Source: San Francisco Redevelopment Agency

## **1. Redevelopment Program for Project Area A**

Since the adoption of the 1969 Redevelopment Plan, the Agency has undertaken a number of projects and activities to alleviate blight in Project Area A. (Refer to Chapter IV and V for a summary of projects accomplished to date in Project Area A.) The continued presence of adverse conditions warrants continued redevelopment activities within the boundaries of Project Area A. The Agency is currently in the process of implementing redevelopment activities that will facilitate the development of the vacant lots in Project Area A. The Agency can complete these activities, which are listed below, within the existing fiscal and time limits for Project Area A and with tax increment generated by Project Area A:

- Develop 24 first-time homebuyers townhouses on Agency-owned Site EE-2,
- Complete restoration of Agency-owned Shoreview Park, a park owned and maintained by the Agency, and convey it to the San Francisco Recreation and Park Department,
- Convey minor open space areas located adjacent to existing housing developments to adjacent property owners or other parties, and
- Convey Agency-owned Site AA-3, located along Keith Street, to the San Francisco Housing Authority.

Due to pervasive blighting conditions in the surrounding Bayview Hunters Point community, implementation of redevelopment activities in Project Area B will be necessary to facilitate and complete the restoration and revitalization of Project Area A.

## **2. Summary of the Redevelopment Program for Project Area B**

The Redevelopment Program in the Plan Amendment focuses on Project Area B. The proposed Redevelopment Program for Project Area B includes key blight eliminating activities that could be financed from tax increment revenue expected to be generated from Project Area B, in combination with other leveraged private and public financial resources. The program is integrated and balanced, and addresses the most significant blighting conditions identified in Chapters IV and V. Refer to Chapter VII for a description of the funding sources that may be used by the Agency to help fund the proposed Redevelopment Program.

## **D. Description of Agency's Non-Housing Redevelopment Program**

This section describes the Agency's proposed Non-Housing Redevelopment Program, including the deficiencies to be corrected, project and activity descriptions, and estimated project costs. The Non-Housing Program is divided into two areas: economic development and community enhancements. Both of these program areas contain three subcategories, described below:

1. Economic development
  - Planning and predevelopment
  - Site preparation and development
  - Economic revitalization

## 2. Community enhancements

- Public infrastructure and facilities
- Circulation
- Public open space

The Redevelopment Program meets the CRL requirement that Agency expenditures be linked to the elimination of blighting conditions. In addition, the projects and activities implement the general goals and identified objectives contained in the proposed Amended Redevelopment Plan. As they are implemented, these projects and activities may be modified over time to better meet redevelopment objectives.

Cost estimates are necessarily preliminary in nature and subject to refinement as the Redevelopment Program planning and implementation proceeds. However, the cost estimates are adequate to provide reasonable orders of magnitude for financial feasibility evaluation and the need for tax increment financing. Table VI-2, included at the end of this chapter, summarizes the total estimated costs of the Agency's Redevelopment Program.

# 1. Economic Development

## a. Deficiencies to be Corrected

As described in Chapters IV and V, Project Area B suffers from a variety of physical and economic blighting conditions that need to be resolved in order for the area to attain its full economic potential. The blighting conditions, such as substandard and underutilized lots and buildings, the possible presence of hazardous materials and contaminated sites, and deteriorated and dilapidated buildings, impede efficient and economically feasible development in Project Area B. Furthermore, the perception of crime and the over-concentration of establishments selling liquor hinder the economic vitality of Project Area B. An economic development program will promote private investment by attracting residential and commercial development and will also create a more active and secure urban environment.

## b. Projects and Activities

The Agency will encourage the promotion of policies and land use decisions that provide job-training, employment and business opportunities to local residents with a focus on economic development efforts within the seven Economic Development Activity Nodes of Project Area B: Town Center, Health Center, South Basin, Oakinba, Candlestick Point, a portion of the Hunters Point Shoreline and Northern Gateway. The basis for the Economic Development Activity Nodes is described in the Concept Plan adopted by the PAC in March 2002 and as amended from time to time. As stated in the Concept Plan, the economic development program will maximize benefits from incentive programs and projects to support local economic development, existing local businesses, and residents as well as emphasize a comprehensive and coordinated community-based approach to economic development. The Agency may develop the following economic programs within each of the Economic Development Activity Nodes in conjunction with and with the assistance of the PAC:

- Façade improvement program,
- Brownfield clean up assistance,
- Assistance with the development of key catalyst commercial sites,
- Provision of small business improvement assistance,
- Assistance with marketing and promotional activities for local business groups,
- Creating local business retention programs,
- Development of cultural facilities,
- Rehabilitation of historic structures, and
- Planning for innovative parking strategies in the Third Street corridor.

The proposed economic development projects and activities include three subcategories: (1) planning and predevelopment, (2) site preparation and development, and (3) economic revitalization. The projects and activities include:

### **Planning and Predevelopment**

- Develop design guidelines to promote improved retail spaces and provide positive contributions to the Third Street corridor, and facilitate implementation by the San Francisco Planning Department.
- Identify and assess underutilized industrial parcels and work with property owners to improve and reorganize facilities in order to attract higher rents and job creating activities on those sites.
- Conduct a design competition to develop appropriate gateway elements for the Third Street entry corridors.
- Facilitate a commercial and entertainment district around a cultural theme within the Town Center activity node.
- Help create and implement a development program for a home improvement district within the Oakinba (Bayshore Boulevard) activity node.
- Help create and implement a development program for the Bayview Hunters Point Aging Campus and the Southeast Health Center expansion in the Health Center activity node.
- Develop a façade improvement program for Third Street businesses.

### **Site Preparation and Development**

- Provide assistance to land owners in assessing potential hazardous materials on brownfield sites. Provide assistance in planning and/or remediation of hazardous materials and contaminants on brownfield sites as well as other affected properties.
- Facilitate private acquisition and management of land to the extent necessary for the development of the activity nodes. Plan for the development of catalyst sites in each node and facilitate the location of compatible uses nearby.
- Provide assistance in the removal of unsafe, hazardous buildings or other unsafe, hazardous structures.
- Provide bond financing, as approved by San Francisco voters through Proposition D in June 1997, to the extent necessary to facilitate the development of the Candlestick Stadium/Mall Project.



## **Economic Revitalization**

- Provide assistance in the development of the publicly owned Town Center block within the Town Center activity node.
- Facilitate the development of an eco-industrial park in the South Basin activity node.
- Encourage revitalization of existing businesses and vacant commercial space through activities such as providing technical assistance in collaboration with other City agencies and community-based organizations.
- Work with private sector developers to build and lease ground floor commercial spaces along Third Street that contribute to a vibrant retail presence at catalyst sites in the activity nodes and provide needed retail products and services to the community.
- Develop a program to link business tenants with available space and to facilitate the flow of information regarding of leasable space to merchants, property owners and residents.
- Plan for and conduct outreach to foster industrial and commercial investment throughout Project Area B. Facilitate the promotion and implementation of the catalyst sites with businesses and private investors in order to encourage businesses location and expansion.
- Develop a program to increase the capacity of existing locally owned businesses to expand and develop their businesses by linking merchants with private lenders and providing business management training.
- Facilitate community efforts to increase the availability and quality of food vendors along the Third Street corridor and elsewhere in the community.
- Enhance the competitive advantages of the catalyst sites through a coordinated marketing program and annual promotional events.
- Develop and implement a Third Street Promotion Campaign to create a sustainable neighborhood commercial corridor along Third Street by attracting new businesses and customers to the area.

### **c. Estimated Program Costs**

The total Agency cost for the economic development projects and activities is \$37.6 million (in constant FY 2005/06 dollars).

## **2. Community Enhancements**

### **a. Deficiencies to be Corrected**

The blighting conditions described in Chapters IV and V need to be alleviated in order to enhance the Bayview community. The blighting conditions include deteriorating buildings, accessibility issues, trash and illegal dumping, industrial uses abutting residential areas, lack of open space, and deficient public infrastructure and facilities. In addition, the crime and deficient public facilities jeopardize the welfare of the community and businesses in Project Area B. A community enhancements program will provide a comprehensive strategy for the revitalization of Project Area B and shape the physical appearance and character, which will stimulate private investment in Project Area B.

### **b. Projects and Activities**

The Agency may adopt and implement a community enhancements program, in conjunction with its affordable housing and economic development programs that will promote the full revitalization of Project Area B. The following are potential community enhancements programs under the Plan Amendment:

- Streetscape plans for Third Street, Evans-Innes Avenue, Oakdale Avenue or other major roadways in Project Area B, including traffic calming where needed;
- Green Streets Program to provide for the landscaping and lighting of local streets;
- Façade Improvement Program in concert with the streetscape plans to enhance key catalyst areas along the major roadways;
- Development of “way finding” programs such as local signage and gateway elements;
- Development of public parks and recreational facilities;
- Preservation of historic structures; and
- Open Space Framework Plan.

The proposed projects and activities in this category address public facilities and infrastructure deficiencies, improve circulation, and provide sound strategies for public open space in Project Area B. The activities include:

#### **Public Infrastructure and Facilities**

- Implement the Third Street Streetscape Plan and install improved lighting, signage, gateway elements for the Third Street entry corridors, pedestrian facilities, sidewalk furnishings, public art, and landscaping.
- Provide assistance in implementing City plans for the Town Center block.
- Facilitate enhancement of public facilities and community resources for seniors, especially in the Health Center activity node.
- Initiate a graffiti abatement, trash removal, and street and sidewalk cleaning program in targeted areas.
- Provide assistance in the rehabilitation and seismic strengthening of historic public buildings.

## **Circulation**

- Provide assistance in implementing circulation improvements identified in the Innes Avenue Streetscape Plan for the northern route between U.S. Highway 101 and Hunters Point Shipyard.
- Provide assistance in implementing circulation for the southern route to Hunters Point Shipyard.
- Provide assistance to City departments with implementation of pedestrian and bicycle safety programs including street and sidewalk improvements, traffic calming projects, and expansion of, or improvement to, the local bicycle network.
- Provide assistance in upgrading the Bayshore Boulevard/Silver Avenue intersection.
- Complete a comprehensive parking study to identify the level of need, appropriate locations and key opportunities for a number of strategically located parking sites. As part of the study, develop a self-supporting financing plan. In the short term, work with the San Francisco Planning Department to remove any Planning Code barriers to shared parking and reduce parking requirements for uses with complementary peak parking needs.
- Develop a parking plan for the Town Center area. Consider the implementation of a parking bank to potentially develop a small public parking lot on the Town Center block or adjacent to Third Street.

## **Public Open Space**

- Develop the Green Streets program for landscaping and other public enhancements in conjunction with the Model Block single-family rehabilitation program.
- Provide assistance to the Departments of Public Works and Recreation and Park in the construction of improved, landscaped street corridors.
- Provide assistance in implementing the Blue Greenway Plan for the provision of new public open space in the community, the installation of the Bay Trail, and improve maintenance and programs at existing facilities in Project Area B.
- Facilitate the provision of community access to the waterfront.
- Facilitate the completion of the Bayview Connections urban open space project in the Town Center Activity Node.

### **c. Estimated Program Costs**

The total Agency cost for community enhancement projects and activities is estimated at \$56.3 million (in constant FY 2005/06 dollars).

## **E. Description of Agency's Affordable Housing Program**

This section describes the proposed Affordable Housing Program, including project and activity descriptions and estimated project costs.

### **1. Description**

The Agency shall implement an Affordable Housing Program and, as feasible, may dedicate citywide affordable housing funds for the production of affordable housing outside of Project Area B if such production is determined to be necessary. The Affordable Housing Program will be consistent with the City's Consolidated Housing Plan and the General Plan and will include below market rate apartment development, affordable home ownership project development, supportive housing projects serving high need populations, and Agency programs such as a model block single family rehabilitation program.

The Agency will promote the development of a wide variety of affordable housing in the community in order to enhance the vitality of the area and provide much needed housing for the City. The Agency will utilize the Framework Housing Program as a guiding document, which sets forth policies and implementation mechanisms to guide the production and maintenance of housing in Project Area B and the greater Bayview Hunters Point community, consistent with the City's Consolidated Housing Plan and the General Plan. In particular, the Agency will encourage mixed-use development, development of new and rehabilitation of existing rental and ownership units, infill development, mixed income development, and an array of senior housing possibilities. The Framework Housing Program objectives are as follows:

- Preserve the existing housing stock.
- Promote residential occupancy by Project Area residents.
- Maintain the existing balance between ownership and rental housing.
- Enhance and improve existing neighborhoods through the rehabilitation of existing housing and enforcing blight ordinances.
- Promote sensitive and complementary infill development in established neighborhoods.
- Promote residential mixed use development in appropriate locations.
- Require new residential and residential mixed use developments "fit" into Bayview Hunters Point through well-planned urban design and contextual architecture.
- Improve the coordination and provision of housing assistance and affordable housing for community seniors.

The Affordable Housing Program will be funding in part through the housing set-aside, which is described below and will result in the production of a significant number of affordable housing units.

## **Housing Set-Aside**

The CRL was amended in 1976 and 1984 to require that not less than 20 percent of all tax increment generated from any project area be set-aside in an affordable housing fund to be used to increase and improve the community's supply of housing affordable to persons and families of very low-, low- and moderate-income. Amendments to the CRL in 2001 specify that affordable dwelling units must remain available at affordable housing cost to, and be occupied by, persons and families of very low-, low- or moderate-income for the longest feasible time, but not less than 55 years for rental units, and 45 years for owner-occupied units. In addition, the Agency must spend funds in the Affordable Housing Fund in at least the same proportion as the number of units needed to house moderate-, low- and very low-income persons and families, as determined in the City's housing element.

## **Plan Amendment Set-Aside Requirement**

A component of the Agency's housing policy has been to commit more tax increment funds for affordable housing than to the CRL-required housing set-aside. Under the Plan Amendment, the Agency is required to use no less than 50 percent of the total tax increment funds that the Mayor and Board of Supervisors allocate to the Agency for its redevelopment activities for the purposes of increasing, improving, and preserving the City's supply of housing for persons and families of extremely low-, very low-, low- or moderate-income.<sup>2</sup> The funds set-aside for affordable housing will be a significant source of funding available for affordable housing development. The Agency will focus these funds on affordable housing development in Project Area B.

## **Affordable Housing Production**

The CRL requires at least 15 percent of all new and substantially rehabilitated dwelling units developed within Project Area B by public or private entities or persons other than the Agency to be available at affordable housing cost to, and occupied by, persons and families of extremely low-, very low-, low- or moderate-income. Of the 15 percent, 40 percent must be available at affordable housing cost to very low-income households.

The Agency will exceed the CRL requirements by making at least 25 percent of all new and substantially rehabilitated dwelling units developed within Project Area B by public or private entities or persons other than the Agency to be available at affordable housing cost to, and occupied by, persons and families of extremely low-, very low-, low or moderate-income, as defined by the California Health and Safety Code. Not less than 40 percent of the 25 percent will be available at affordable housing cost to, and occupied by, extremely low and very low-income households.

In addition, within Project Area B, the maximum income eligibility will reflect the lower household incomes within the Bayview Hunters Point community and will therefore be 50 percent of area median income (AMI) for rental units and 100 percent of AMI for owner occupied units, with a goal of achieving an average of 80 percent of AMI for owner occupied units.<sup>3</sup>

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<sup>2</sup> Tax increment revenue available for the Agency's Redevelopment Program includes the CRL-required 20 percent housing set-aside and is net of pass through payments to affected taxing entities and Agency administration costs. (Refer to Chapter VII for more detail.)

<sup>3</sup> The 2005 AMI for the San Francisco area is \$66,500 for a one person household, \$76,000 for a two person household and \$85,500 for a three person household.

To facilitate the Agency's compliance with CRL affordable housing production requirements, developers of housing within Project Area B will be required to comply with the Citywide Inclusionary Housing Ordinance, with the following exceptions:

- The duration, monitoring, marketing and controls for affordable units will be consistent with the CRL and Agency policy;
- The inclusionary requirement will be increased to 15 percent of all units constructed on the project site and twenty 20 percent of all units constructed off-site;
- The construction of off-site units will occur only at a site within Project Area B;
- The payment of an in lieu fee will be made to the Agency instead of the Mayor's Office of Housing; and
- The definition of "affordable to qualifying households" will mean the following: (1) for rental units in an affordable housing project, the goal shall be to establish a rent that is affordable to households whose combined annual gross income for all members does not exceed 50 percent of median income for the San Francisco Metropolitan Statistical Area, as calculated by the United States Department of Housing and Urban Development (HUD) and adjusted only for household size, and (2) for owned units in an affordable housing project, the goal shall be to establish an average maximum purchase price that is affordable to households whose combined annual gross income for all members does not exceed 80 percent of median income for the San Francisco Metropolitan Statistical Area, as calculated by the United States Department of Housing and Urban Development (HUD) and adjusted only for household size, assuming an annual payment of all housing costs of 33 percent of the combined household annual net income, a 5 percent down payment and available financing consistent with Agency standards.

A total of 3,700 housing units are estimated to be produced in Project Area B over the life of the Plan Amendment. The Agency estimates that 925 of the 3,700 units will be affordable housing units. Of the 925 units, 449 will be affordable to very low-income households. Thus, 25 percent of the housing estimated to be produced will be affordable, and 12 percent will be affordable to very low-income households. Please refer to the Implementation Plan, located in Appendix G, for further information on affordable housing production.

## **2. Projects and Activities**

Pursuant to the Agency's policy, the Agency may establish a range of housing programs that seek to enhance project design and leverage federal, state and private funding sources to develop high quality, attractive and affordable housing developments serving a diverse population. The funds set aside for the Affordable Housing Program will be used in a flexible manner in order to respond to favorable development opportunities.

As part of the Affordable Housing Program, the Agency will undertake the following types of affordable housing projects and activities:

- Encourage mixed-use residential development in appropriate locations within economic development activity nodes, as identified in the Amended Redevelopment Plan.
- Complete the construction of senior housing at 4601 Third Street.
- Complete the construction of mixed-use/affordable housing at 4800 Third Street.
- Complete the construction of mixed-use/affordable housing at 5600 Third Street.

- Promote additional affordable housing development, both rental and ownership, throughout Project Area B.
- Encourage affordable single family infill development in appropriate locations along Third Street and elsewhere in Project Area B.
- Facilitate affordable residential development with assisted living options for community elders in rental and ownership units, particularly along Third Street.
- Facilitate development of board and care homes, nursing homes and other assisted living facilities for community elders on infill lots throughout the central part of the Bayview.
- Facilitate development of new mixed income senior housing near the Health Center, within the Health Center activity node including one and two bedroom units, short-term housing projects, hospice units, assisted living units, and long-term care nursing units with skilled professionals.

### **Rental / Multi-Family Housing**

- Provide financial assistance to private developers constructing affordable housing and mixed-income housing projects throughout Project Area B. Facilitate the construction of affordable housing projects through land acquisition and disposal to developers. Focus new development efforts on transit-oriented mixed income projects along Third Street.
- Implement the Housing Opportunities for Persons with AIDS program (HOPWA) by providing capital funds for the development and construction of affordable housing. HOPWA is locally administered by the Agency and funds rental assistance and supportive services for low-income people living with HIV/AIDS.
- Provide planning and financial assistance towards a range of supportive housing options for the community's low income aging population.
- Administer the Affordable Housing Preservation program (HUD-Assisted Section 8 Housing), in consultation with the Mayor's Office, to preserve the affordability of units in HUD-assisted Section 8 housing developments. Provide technical and funding assistance to nonprofit organizations that commit to preserving the long-term affordability (a minimum of 55 years) of at risk affordable rental development they may purchase from a for profit owner.
- Provide assistance for supportive permanent and transitional housing programs for other very low-, low- and moderate-income special needs populations in the community.
- Facilitate the efforts of the San Francisco Housing Authority in its revitalization of its low-income public housing developments within Project Area B: Hunters View, Westbrook, Alice Griffith (otherwise known as Double Rock), and Hunters Point "A East," "A Upper West," and "A Lower West."

## **Homeownership Programs**

- Administer the Single-Family Resale program that assists qualifying first-time homebuyers in purchasing a home in designated developments in Project Area B.
- Complete the Model Block program for rehabilitation of single family homes on a block-by-block basis. Under this new program, the Agency will sponsor and fund a program offering a variety of grants and loans to qualifying low-income homeowners and renters needing assistance in rehabilitating and maintaining their homes, on a block-by-block basis. The Model Block program will be coordinated with the Green Streets program component of the Community Enhancements Program.
- In cooperation with the Mayor's Office of Housing, expand access to the City's Low-Income Homeowner Retention programs for seniors, to assist low-income senior homeowners at risk of losing their housing. Elements of the program include increasing access to registered handyperson services, improving City-provided home repair and safety programs, and revising the City's rehabilitation loan programs to better target low-income seniors who are at risk of losing their homes.

In addition to these general programs and activities, the Agency will tailor specific redevelopment activities for rental/multi-family housing and for homeownership.

### **3. Estimated Program Costs**

The Agency cost for the Affordable Housing Program is projected to be \$93.9 million (in constant FY 2005/06 dollars). Refer to Chapter VII for further discussion regarding the projection of tax increment to be set aside for affordable housing activities.



**Table VI-2**  
**Summary of Estimated Project Area B Redevelopment Program Funding Requirements**  
**In Constant FY 2005/06 Dollars**  
**Hunters Point Redevelopment Plan Amendment**

Redevelopment Program	Agency Assistance <sup>a</sup>
<b>NON-HOUSING PROGRAM<sup>b</sup></b>	
<b>Economic Development</b>	
Planning and Predevelopment Site Preparation and Development <sup>c</sup> Economic Revitalization	
<b>Subtotal - Economic Development</b>	<b>\$37,600,000</b>
<b>Community Enhancement</b>	
Public Infrastructure and Facilities Circulation Public Open Space	
<b>Subtotal - Community Enhancement</b>	<b>\$56,300,000</b>
<b>SUBTOTAL NON-HOUSING</b>	<b>\$93,900,000</b>
<b>AFFORDABLE HOUSING PROGRAM<sup>b</sup></b>	
Rental/Multi-Family Housing Programs Homeownership Programs	
<b>SUBTOTAL HOUSING</b>	<b>\$93,900,000</b>
<b>TOTAL HOUSING AND NON-HOUSING</b>	<b>\$187,800,000</b>

- a. Based on estimates provided by Agency staff. Figures may not add or subtract exactly due to rounding.  
b. Does not include related Agency administrative costs.  
c. Includes Agency's contribution (projected at \$9.2 million in constant FY 2005/06 dollars) to the Candlestick Stadium/Mall Project.

Source: San Francisco Redevelopment Agency.

# **VII. Proposed Methods of Financing and Feasibility**

## **A. Introduction**

This chapter describes the proposed financing of the Redevelopment Program for Project Area B. It estimates total funding requirements, identifies potential resources and methods of financing available to the Agency, projects tax increment and other revenues, and assesses the general financial feasibility of the Redevelopment Program.

This chapter explains the necessity for the Agency to use tax increment financing as part of its overall financing program to eliminate blighting conditions in Project Area B. Although blighting conditions continue to persist in some portions of Project Area A, the Agency is currently undertaking activities that will alleviate the remaining blight and can be achieved within the fiscal and time limits for Project Area A. For the purposes of this chapter, consideration is only being given to the financing for Project Area B, as Project Area A can meet its redevelopment objectives without additional financial support. Blighting conditions in Project Area B are substantial and pervasive and require tax increment financing to be alleviated. While the Agency will continue to pursue all other potential funding sources, those sources alone will not be sufficient to fund the activities needed to alleviate the blighting conditions in Project Area B without tax increment financing.

### **1. Chapter Organization**

Section B of this chapter includes potential funding sources categorized as primary, secondary, complementary, and unavailable or unlikely sources. Section C describes tax increment financing and the reasons and benefits of its use. Section D describes the assumptions used for the tax increment projections for Project Area B over the 45 year tax increment collection period. Section E describes the tax increment projections and the amount available for the Non-Housing and Housing portions of the Redevelopment Program. Section F explains the financial feasibility of the Redevelopment Program.

As required by the Community Redevelopment Law (CRL), this Report demonstrates that the elimination of blight cannot be achieved without the use of tax increment financing.<sup>1</sup> The Agency has concluded that tax increment generated by Project Area B is needed to fund the Redevelopment Program for Project Area B.

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<sup>1</sup> Refer to Chapter XVII of this Report for analysis of the inadequacy of private enterprise or governmental action, or both taking action together, to reverse or alleviate blighting conditions without redevelopment assistance.

## **2. Stimulation of Private Investment**

A major goal of the Redevelopment Program is to stimulate private investment in Project Area B. Public investment in the form of tax increment financing will be used to leverage private investment. Private investment is anticipated to include new construction and the rehabilitation of commercial, industrial and residential buildings within Project Area B. Over time, such investment could be significant. However, private investment in Project Area B will depend upon the improvement of public facilities and infrastructure, the elimination of blighting conditions, and the establishment of a positive climate for private participation. Given the extent of blighting conditions and the need for improved public facilities and infrastructure, effective implementation of the Redevelopment Program provides the most reasonable opportunity for stimulating private investment in the area.

## **3. Estimated Agency Funding Requirements for the Redevelopment Program**

Implementation of the Redevelopment Program will require substantial funding. The estimated net costs to the Agency, as described in Chapter VI, totals approximately \$187.8 million in constant FY 2005/06 dollars.<sup>2</sup> Table VII-1 summarizes the estimated costs of the Redevelopment Program by program category. The estimated cost of the non-housing components of the Redevelopment Program is \$93.9 million in constant FY 2005/06 dollars.<sup>3</sup> The Agency will also contribute significant funds to affordable housing projects and activities from the tax increment generated by Project Area B. As further described in Sections C, D, and E of this chapter, the Agency's Housing Set Aside for affordable housing will satisfy the CRL-required set-aside of 20 percent of gross tax increment for housing affordable to households of very-low, low- and moderate-incomes. Under the Plan Amendment and Agency policy, the Agency will use 50 percent of the tax increment revenue available for the Redevelopment Program for affordable housing over the term of the Plan Amendment. The estimated funding for the Agency's Affordable Housing Program is \$93.9 million in constant FY 2005/06 dollars. These estimates include items to be funded after subtracting other funding sources.

Public revenue sources are insufficient to cover the cost of the projects and activities proposed by the Agency to alleviate blight and revitalize Project Area B. Thus, a funding gap or shortfall exists for which no sources of financing (other than tax increment financing) are available or sufficient. Tax increment financing continues to be the most reliable source of long term redevelopment funding available to the Agency and is the only source of financing that will generate sufficient revenue to meet the funding gap.

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<sup>2</sup> The terms FY 2005/06 dollars and constant FY 2005/06 dollars are used to indicate the present value of future dollars discounted back to FY 2005/06. Refer to discussion on present value assumptions in Section D.2 of this chapter for further information.

<sup>3</sup> Estimate does not include Agency administration costs related to the Non-Housing Program.

**Table VII-1**  
**Estimated Net Cost to Agency of Redevelopment Program**  
**In Constant FY 2005/06 Dollars**  
**Hunters Point Redevelopment Plan Amendment**

<b>Project Area B Redevelopment Program<sup>b</sup></b>	<b>Program Cost to Agency<sup>a</sup></b>
<b>Non-Housing Programs</b>	
<b>Economic Development</b>	
Planning and Predevelopment Site Preparation and Development <sup>c</sup> Economic Revitalization	
<b>Subtotal - Economic Development</b>	<b>\$37,600,000</b>
<b>Community Enhancement</b>	
Public Infrastructure and Facilities Circulation Public Open Space	
<b>Subtotal - Community Enhancement</b>	<b>\$56,300,000</b>
<b>Subtotal Non-Housing</b>	<b>\$93,900,000</b>
<b>Affordable Housing Program</b>	
Rental/Multi-Family Housing Homeownership Programs	
<b>Subtotal Housing</b>	<b>\$93,900,000</b>
<b>Total Housing and Non-Housing</b>	<b>\$187,800,000</b>

- a. Based on estimates provided by Agency staff. Figures may not add or subtract exactly due to rounding.
- b. Does not include administrative costs.
- c. Includes Agency's contribution (projected at \$9.2 million in constant FY 2005/06 dollars) to the Candlestick Stadium/Mall Project.

Source: San Francisco Redevelopment Agency.

## **B. Potential Funding Sources Other than Tax Increment Financing**

The proposed Plan Amendment authorizes the Agency to finance the Redevelopment Program using all available funding sources, including local, state and federal sources, and the Agency will make every effort to obtain alternative funding sources as a means to accelerate the Redevelopment Program. However, tax increment financing is the most reliable source of long term funding available to the Agency. It is the only source that will generate substantial revenue to meet the projected funding needs of the Redevelopment Program for Project Area B.

This section describes a wide range of alternative funding sources that might be available to assist in financing the Redevelopment Program. It summarizes each potential source, and evaluates the likelihood that the source could generate revenues for use in Project Area B. Some sources described below may generate more funds than estimated, while others may generate less. On balance, the estimates of alternative revenues provide an initial assessment of funding availability to determine the need for tax increment revenue to fill the funding gap in the Redevelopment Program costs. The funding sources are grouped by secondary and complementary sources of funding. Funding sources considered to be unavailable or unlikely are also described.

Primary sources are the most likely to be available to provide funding for the Redevelopment Program, while secondary sources are less likely to be available. Tax increment financing is the only primary source of funding anticipated to be available. Complementary sources would not provide direct funding for the Redevelopment Program. However, they could be used for economic development, business support and expansion, neighborhood improvements, and community enhancement, which would enhance the effectiveness of the Redevelopment Program.

### **1. Secondary Funding Sources**

#### **a. Transportation for Livable Communities (TLC)**

The Transportation for Livable Communities (TLC) program offers three types of financial assistance: planning grants, capital grants and the Housing Incentive Program. Planning grants are awarded to help sponsors refine and elaborate on promising project concepts, such as design guidelines for Main Street Programs and implementation plans. Capital grants directly support construction activities such as streetscape improvements, transit villages and pedestrian plazas. Funding for capital grants is through federal SAFETEA-LU funds (Refer to Subsection 1.i below). The Housing Incentive Program awards grants to cities and counties building high density housing within one-third mile of a major transit station or corridor with peak period service intervals of 15 minutes or less. Projects must be at least 25 units per acre. Additional grants are available if affordable units are included. The Metropolitan Transportation Commission (MTC) obtains and administers TLC funds. Working with the Bayview Hunters Point PAC and San Francisco Municipal Railway (Muni), the Agency submitted a planning and capital funding application for the Bayview Connections Project to the MTC for the Livable Communities Capital Funding Program, which is funded by TLC monies. The Bayview Connections Project brings City staff and community members together to design pedestrian and streetscape improvements connecting Muni transit stops with retail, service, cultural and residential uses in the Bayview community. This comprehensive planning effort connecting Third Street and Oakdale Avenue was awarded \$1.9 million in April 2000, with a City match of \$395,000.

A second application for capital funding was submitted to MTC in March 2001 and the Bayview Connections Project was awarded another \$1.6 million in funds. The Agency expects to continue to request funding in the future, and tax increment funds will provide important local matching funds to enhance the City's competitive position in obtaining these funds.

**b. Fuel Tax**

The State of California imposes taxes on several types of fuel. Approximately one third of the fuel tax revenues are distributed to local jurisdictions on a formula based on population and other factors. These revenues may be used for street maintenance and construction activities throughout the City and County. The City's revenue estimates for FY 2005/06 included approximately \$21.7 million in gas tax revenues, which are distributed between the Department of Public Works (DPW) and the County Transportation Authority (CTA) programs.<sup>4</sup> Gas tax funds are currently a source of funding for circulation improvements in the Bayview and will likely remain a source in the future.

**c. Technical Assistance Program**

The Technical Assistance program, sponsored by the U.S. Economic Development Administration (EDA), promotes economic development to alleviate underemployment in distressed areas. It provides funds through grants or other cooperative agreements to fund feasibility studies and other projects leading to local economic development. The program assists in the long range economic development of areas with severe unemployment and low income families, and aids in the development of public facilities and private enterprise to help create permanent jobs. Projects funded through this program help to solve economic development problems, respond to economic development opportunities, and expand organizational capacity for economic development. Many local technical assistance projects are used to determine the economic feasibility of various local development projects involving industrial, commercial and other activities. The technical assistance program could be a potential source of funding for economic development activities.

**d. Brownfield Economic Development Initiative (BEDI)**

The Brownfield Economic Development Initiative (BEDI) is a federal grant designed to help local governments redevelop brownfields. Brownfields are defined as abandoned, idled, or underutilized properties, including industrial and commercial facilities, where expansion or redevelopment is complicated by the possible presence of environmental contamination. A BEDI grant award from the Department of Housing and Urban Development (HUD) must be linked with a new Section 108-guaranteed loan commitment secured by the City's CDBG funds. Both Section 108 loan guarantee proceeds and BEDI grant funds are initially made available by HUD to local government agencies eligible for assistance under HUD's Community Development Block Grant (CDBG) program. A local government may re-loan the Section 108 loan proceeds and provide BEDI funds to a business or other public entity eligible to carry out a specific approved brownfields economic development project, or the public entity may carry out the eligible project itself. In either case, BEDI grant funds and the Section 108 proceeds must be used to support the same eligible BEDI project. This funding could assist in the remediation of sites, making them economically viable to develop.

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<sup>4</sup> City and County of San Francisco Consolidated Budget and Annual Appropriation Ordinance, Fiscal Year Ending June 30, 2005, File No. 040725. Ordinance 197-04.

**e. EPA Brownfields Program**

The EPA administers the Brownfields Cleanup Revolving Loan Fund (BCRLF). The purpose of the BCRLF program is providing financial assistance for the remediation of brownfields. Provided by the Environmental Protection Agency (EPA), it enables state and local governments to make low interest loans to carry out cleanup activities on properties that have an actual release or substantial threat of release of a hazardous substance that threatens public health or welfare. In previous years, the program has funded projects up to \$1 million. The BCRLF program could assist funding site preparation and development activities.

The Agency has been invited to join the California Department of Toxic Substances Control (DTSC) and the City of Los Angeles (Los Angeles) in a coalition called California's Urban Reuse for Brownfields (CURB), for the purpose of submitting an application for a Revolving Loan Fund grant through the UDEPA Brownfield Program. The application will request \$3 million in federal funds to establish revolving loan funds (RLF) administered by DTSC, to assist the Agency and Los Angeles in funding the environmental cleanup of up to 15 brownfield sites in San Francisco and Los Angeles over the next five years. RLF funds would be used to make loans and grants, fund loan guarantees and cover certain administrative costs of CURB members.

The Agency's initial focus for the RLF program, if funded, will be to assist property owners in the Bayview Hunters Point Survey Area. Staff presented the idea of joining in this grant application with the Bayview Hunters Point Project Area Committee in fall 2005 and received favorable feedback on the Agency's attempts to secure additional resources to redevelop the community.

**f. Citywide Affordable Housing Fund**

The Redevelopment Agency has policy goal of using 50 percent of the Agency's tax increment funds for the development of affordable housing. Since 1990, over \$288 million in Agency funds has aided the creation or preservation of more than 9,000 housing units for low- and moderate-income families and individuals throughout San Francisco. Funds are generated by development within redevelopment Project Areas but are invested in affordable housing developments citywide, both within and outside of redevelopment areas.

The funds are distributed as grants and loans and used as aid in all stages of development. Agency assisted housing units are wide ranging and include: family apartments, SRO residential hotels, special needs/supportive housing, emergency shelters, transitional facilities, rental and home ownership opportunities - both new construction and rehabilitation.

Due to CRL requirements and the limited availability of affordable housing funds as well as the citywide need for housing, existing funds in the Citywide Affordable Housing Fund could not be the sole source of financing for affordable housing in Project Area B.

**g. Housing Enabled by Local Partnership program (HELP)**

The HELP Program, provided by the California Housing Finance Agency (CalHFA), offers loans with a three percent interest rate to local government agencies for their locally determined affordable housing activities and priorities. HELP funds must be used to directly produce affordable housing units; however, flexibility is given to the government agency to determine the specific housing activity and use of the funds. The Agency's affordable housing efforts could be supported by HELP funds to directly produce affordable housing through acquisition, development, rehabilitation or preservation of affordable rental or ownership housing.

**h. Housing Opportunities for Persons with AIDS (HOPWA) Program**

The Redevelopment Agency administers the federal HOPWA Program for San Francisco, Marin, and San Mateo counties. Under this program, the U.S. Department of Housing and Urban Development (HUD) provides funds for a wide range of housing-related capital development and service activities for people with HIV/AIDS. Since 1992, over \$33 million in capital funds and \$98 million in supportive service funds has assisted the creation of more than 400 housing units in San Francisco.

The HOPWA Program aims to increase the size of the permanently affordable housing stock, expand housing opportunities to meet the needs of the City's HIV/AIDS residents, provide appropriate housing-linked supportive services, and assist non-profit housing developers and service providers in increasing their skills and ability to create HIV/AIDS housing and related supportive services. This potential source of revenue will not likely fund substantial amounts of affordable housing in Project Area B because this program is targeted to a very specific population in which funding options are becoming scarcer.

**i. Safe, Accountable, Flexible, and Efficient Transportation Equality Act: A Legacy for Users**

On August 10, 2005, the President signed into law the Safe, Accountable, Flexible and Efficient Transportation Equality Act: A Legacy for Users (SAFETEA-LU), which provides funding for highways, highway safety and public transportation over five years (2005 through 2009). SAFETEA-LU addresses the significant transportation challenges in the areas of improving safety, reducing congestion, increasing intermodal connectivity, improving efficiency in freight movement, and timely project delivery. A considerable number of safety, finance, highway, environmental, public transportation, planning, and research programs are funded under the SAFETEA-LU competitive federal aid program including the Congestion Mitigation and Air Quality Improvement Program (CMAQ), Highway Safety Improvement Program, Transportation Infrastructure Finance and Innovation Act Program, Surface Transportation Program (STP), and Transportation and Community and System Preservation Program (TSCP). SAFETEA-LU funds for the Bay Area are administered by the MTC. This funding is allocated through a competitive process.



- Surface Transportation Program (STP)—The federal Surface Transportation Program (STP) provides flexible funds to be used on surface transportation projects. At least 10 percent of STP funds must be spent on projects that enhance transportation systems such as scenic beautification, historical preservation, and bicycle and pedestrian facilities. Funds may be used for road improvements; publicly owned intermodal freight transportation projects that address economic, congestion, safety, and environmental issues associated with freight transportation gateways; brownfield remediation; transportation system management and operations; environmental restoration; and pollution abatement to mitigate impacts of transportation projects funded under Title 23. This funding could be used for activities such as remediation of hazardous materials or truck route improvements.
- Transportation and Community System Preservation Program (TCSP)—The Transportation and Community and System Preservation Program (TCSP) provides funding for planning grants, implementation grants and research grants to investigate and address the relationship between transportation and community system preservation. State and local governments as well as metropolitan planning organizations (MPOs) are eligible for discretionary grants to plan and implement strategies that improve the efficiency of the transportation system; reduce environmental impacts of transportation; reduce the need for costly future public infrastructure investments; ensure efficient access to jobs, services and centers of trade; examine development patterns; and identify strategies to encourage private sector development patterns that achieve these goals. TCSP is a potential source of funding for transit and general circulation improvements.

**j. Transportation Development Act (TDA)**

Transportation Development Act (TDA) funds are generated statewide through a one-quarter cent tax on retail sales in each county. TDA funds may be used for transit projects, special transit projects for disabled persons, and bicycle and pedestrian purposes. The City and County of San Francisco may not use TDA funds for street and road construction and maintenance (due to statutory restrictions on counties with populations greater than 500,000). The City receives an annual TDA apportionment, and the MTC determines the ways in which the funds are spent. Activities funded by TDA generally include regional and municipal transit programs, bikeway improvements and other programs designed to reduce automobile usage. In FY 2005/06, the City’s apportionment totals \$29.3 million. TDA funds are a potential source of funds for improvements designed to reduce automobile usage, such as pedestrian and bicycle networks.<sup>5</sup>

**k. Transportation Fund for Clean Air (TFCA)**

The Bay Area Air Quality Management District (BAAQMD) manages the Transportation Fund for Clean Air (TFCA) Regional Fund. The TFCA program awards grants for transportation projects that reduce motor vehicle emissions. Approximately \$10 million was available for distribution in the Bay Area by the BAAQMD for FY 2005/06. Eligible projects include the purchase of low emission, alternative fuel vehicles with a gross vehicle weight of 10,000 pounds or more, including school buses and transit buses; shuttle and feeder bus service to train stations; ridesharing programs; bicycle facility improvements; arterial management projects that improve the flow of traffic on major roadways; transit information projects; and smart growth and traffic calming projects. TFCA grants could assist with circulation issues and incompatible uses, but are typically small grants.

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<sup>5</sup> An additional two cent local sales tax is collected by the state and distributed to the City and other local agencies such as the County Transportation Authority (CTA). Significant funding is not anticipated from this source.

## **l. Measure 2 Transit Funding**

Regional Measure 2 is projected to raise \$125 million each year to ease congestion in the Transbay bridge corridors and enhance the convenience and reliability of the Bay Area's public transit system.

Administered by the MTC, the revenue is generated by a \$1 toll increase, effective July 1, 2004, on the region's seven state-owned toll bridges, not including the Golden Gate Bridge. Although a significant portion of this money is aimed at large regional projects such as the first leg of the planned BART extension to Silicon Valley, redevelopment of San Francisco's Transbay Terminal, and the seismic retrofit of the Transbay BART tube, approximately 38 percent of total annual Measure 2 funds are dedicated to provide critically needed operating funds for rail, express and local bus and ferry service. This potential funding source could be used for promoting public transportation and enhancing access to employment for the residents of the Bayview.

## **m. Public Works Grants**

Federal Public Works grants provide investment to support the construction or rehabilitation of essential public infrastructure and development facilities necessary to generate private sector jobs and investment. Projects must also contribute to the long-term economic development of the area by creating or retaining permanent jobs and raising income levels. Sponsored by the EDA, eligible activities include infrastructure development such as water and sewer facilities, industrial access roads, rail spurs, port improvements, skill-training facilities, technology-related infrastructure, as well as demolition, renovation and construction of publicly-owned buildings. This grant could contribute to the improvement of public facilities and truck routes that help attract, retain or enhance local employment.

## **n. Infrastructure State Revolving Funds (ISRF)**

The Infrastructure State Revolving Fund (ISRF) is low cost financing from the California Infrastructure and Economic Development Bank (IBANK) to public agencies for a wide variety of infrastructure projects with loan terms of up to 30 years to be repaid at the local tax revenues. The interest rate is fixed for the term of financing and is set at 67 percent of tax-exempt "A" rated bonds with a weighted average life similar to IBANK financing. Eligible applicants include cities, counties, special districts, assessment districts, joint powers authorities and redevelopment agencies. Eligible projects include city streets, county highways, state highways, drainage, water supply and flood control, educational facilities, environmental mitigation measures, parks and recreational features, port facilities, public transit, sewage collection and treatment, solid waste collection and disposal, water treatment distribution, defense conversion, public safety facilities, and power and communication facilities. However, these funds would need to be repaid out of tax increment revenues and are not a direct source of funding.

## **o. Public Library Fund (PLF)**

The Public Library Fund (PLF) provides direct state aid to California public libraries for basic public library service. It is intended to embody the state's interest in the general diffusion of information and knowledge through free public libraries, encourage lifelong learning, supplement the system of free public education, help libraries serve as sources of information and inspiration to all persons, and furnish a resource for continuing education. Funding is based on the population of the library's service area. Libraries must formally apply for this funding, and this funding could support the improvement of public library facilities.

**p. San Francisco Branch Library Improvement Program (Proposition A)**

San Francisco voters passed Proposition A in November 2000. The fund is designed to renovate 19 branches of the San Francisco Public Library system, replace four leased facilities with city-owned branches and construct a new facility in Mission Bay. The Bayview/Anna E. Waden branch, located at 5075 Third Street in the Bayview, expects to use its allocation of funds for expansion and renovation beginning in 2008. The preliminary plan for this facility involves bringing the building up to code standards and increasing accessibility.

**q. Proposition 40, California Clean Water, Clean Air, Safe Neighborhood Park, and Coastal Protection Act of 2002**

Proposition 40, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (2002 Resources Bond) provides funding for several types of projects, two of which are historic preservation and open space. Historic preservation programs are administered by the California Cultural and Historical Endowment in the California State Library Office, and open space programs are administered by California Department of Parks and Recreation. Funding is dedicated to preserving historic and cultural resources. Proposition 40 also provides funds for local assistance grants for open space. The relevant bond act programs for open space are:

- Roberti-Z’Berg-Harris (RZH) Urbanized Area Grant Program is targeted at urgent park and recreation needs in heavily populated communities with economically disadvantaged areas, and it requires a local match of three-sevenths of the state grant amount. Eligible activities include acquisition, development/rehabilitation, special major maintenance of park and recreation lands, and innovative recreation programs.
- State Urban Parks and Healthy Communities Grant Program provides grants for the acquisition and development of properties for active recreational purposes, and requires a local match of one-third of the state grant amount or one-quarter of the total project amount. Eligible projects include acquisition and/or development of property for active recreational purposes such as athletic fields, swimming pools and permanent play structures.

**r. San Francisco Bay Trail Grants**

Directed by the Association of Bay Area Governments (ABAG), the San Francisco Bay Trail is a planned recreational corridor that will encircle the San Francisco and San Pablo Bays. It is a continuous 400 mile network of bicycle and hiking trails that provides access to recreational opportunities and wildlife viewing. The San Francisco Bay Trail Project was created as a nonprofit organization in 1990 dedicated to the planning, promotion, and implementation of the Bay Trail. Among its activities, the Bay Trail Project provides grants for trail construction and maintenance. One of the key priorities for the Bay Trail Project is providing technical assistance and planning for key Bay Trail segments, one of which is the Third Street corridor in the Bayview. This grant could assist in funding improvements of Third Street or other community enhancements.

**s. San Francisco Bay Area Conservancy Program (Bay Program)**

Administered by the Coastal Conservancy, the San Francisco Bay Area Conservancy Program (Bay Program) provides grants to help achieve the following Bay Program goals: (1) protect, restore and enhance natural habitats and other regional open space resources throughout the nine Bay Area counties; (2) improve public access to the Bay, its surrounding hills and the coast through completion of bay, coast and ridge trails that are a part of the regional trail system; (3) promote projects that provide open space accessible to urban populations for recreation and education purposes. This program is funded through two voter approved bond funds: Proposition 40 and Proposition 50, and the Coastal Conservancy is expected to spend \$40 million from Proposition 40 and \$20 million from Proposition 50 in the San Francisco Bay region. The Bay Program may fund property acquisition and project planning, design, and construction. Research, assessments and environmental education activities will only be considered when tied to on-the-ground projects. Proposition 40 funds may be used for projects implementing Bay Program goals mentioned above. This funding source could be used in providing Bayview residents access to open space and improving access to the coast.

**t. Development Impact Fees**

The City charges development impact fees on new private development within San Francisco to mitigate specific consequences of new growth. Impact fees are used to increase levels of service for future residents and businesses that are needed as a result of new or increased demand on existing services and facilities. Different requirements exist for each fee, and some are only applicable to certain areas of San Francisco.

Under applicable state laws regarding the imposition of development impact fees, such fees can be imposed on a new private development only to the extent that a direct nexus or relationship exists between the need for public facilities caused by such new development and the level of fees imposed. Since many of the public improvements described in Chapter VI are needed to serve existing Bayview residents and businesses and alleviate existing deficiencies, development impact fees will cover only the portion of the cost of needed public improvements attributable to new development.

**u. Developer and Property Owner Participation**

In addition to development impact fees, developer and property owner participation has been used as a means for funding redevelopment activities in many communities. For example, funds may be advanced to a city or agency in the form of a negotiated fee or grant, or a loan for public improvements that is repaid during the course of project implementation from tax increment revenues. Some agencies have development agreements with developers, by which developers contribute funding for specific improvements, such as infrastructure and street improvements. Property owners provide repayment on low interest loans or are required to provide private funds to match agency rehabilitation grants. Although the Agency is interested in pursuing such funding opportunities, such participation is speculative and cannot be relied on entirely. It would not be prudent for the Agency to base a long-term project on the ability of prospective developers to advance funds for redevelopment activities.

**v. Mills Act**

Authorized by the State in 1976, the Mills Act allows an owner of an eligible historic property to enter into a ten-year contract with a participating city to rehabilitate the building in exchange for a reduction in local property taxes. Owner occupied single-family residences or income producing commercial properties may qualify for the Mills Act program. However, eligible properties must be listed on the National Register of Historic Places, be located in a National Register or local historic district, or be listed on a state, county or city official register. Adopted by the City of San Francisco in 1996, the Mills Act could be an applicable source of funds for historic preservation projects in Project Area B.

**w. Interest Income**

Some income will accrue to the Agency from the investment of tax increment revenues and tax increment bond proceeds. Income from this source could be made available for a variety of redevelopment activities. However, much, if not all, of the interest income will likely be offset by the need for the Agency to pay interest on indebtedness, including Agency issued bonds. Actual income from this source would also be influenced by the amount of money available for investment, term of the investment, and achievable interest rates.

**2. Complementary Funding Sources**

**a. Business Improvement District (BID)**

A business improvement district (BID) is a special type of assessment district that generates revenue to support enhanced services. Two types of BID mechanisms exist under state law: (1) Business Improvement Areas (BIAs), and (2) Property Based Improvement Districts (PBIDs). BIAs have been used widely in the state and provide for an additional fee to annual business licensing charges. However, due to the limited income generated through the business license fee, BIAs have typically had a relatively narrow scope of services.

In 1994, the Property and Business Improvement District Law provided for an assessment of commercial property, paving the way for a new generation of PBIDs to eventually replace the existing BIAs. The creation of a PBID requires petition support from businesses that would pay more than 50 percent of the annual fees to be collected in the proposed area. A PBID has a cap on assessments and a five year maximum life. PBIDs require the creation of an advisory committee of property and business owners. The City has also passed an ordinance to facilitate the creation of these assessment districts.

PBID funds are most effective when leveraged with CDBG and redevelopment funds. Eligible activities include enhanced services such as maintenance, sidewalk cleaning, security, marketing and economic development. PBIDs can fund these activities as well as public improvements such as acquisition and maintenance of parking facilities, benches, trash receptacles, street lighting, decoration and public plazas. A PBID is a potential funding source for community enhancements, however given the poor economic performance of the businesses along Third Street and the length of the Third Street corridor, a PBID would be difficult to initiate and maintain without supplementary funding from tax increment.

**b. Assessment Districts**

Assessment Districts enable a city to levy additional taxes on property within designated areas in order to finance improvements directly benefiting those areas. Bonds are issued to finance local improvements such as streets, sidewalks and parking facilities. Typically, an assessment district is formed to undertake a particular public improvement, and bonds are issued under one of two major assessment acts: the Improvement Act of 1911 and the Improvement Bond Act of 1915. Upon the issuance of bonds, the district has the power to assess all property owners included in the district in order to repay the borrowed funds. An assessment district can be established as its own jurisdiction, or it can be included under a city's taxing system, assuming that the improvement is located entirely within a city's jurisdiction. Assessment districts are not limited by Proposition 13 and Proposition 4, and have the advantage of placing the costs of public facilities directly on the benefited property owners. However, Proposition 218, a 1996 state constitutional amendment, enacted more restrictive requirements for adopting an assessment district and limited the improvements and activities that can be financed through an assessment district. These requirements reduce the likelihood that an assessment district would be a viable financing option for the Redevelopment Program. The Agency considers a BID (refer to Sections 2.a. above) to be a more viable financing option than an assessment district for Project Area B.

**c. Mello-Roos Community Facilities District (CFD)**

In addition to assessment districts, the Mello-Roos Community Facilities Act of 1982 authorizes the formation of a Community Facilities District (CFD) to be used to finance capital improvement projects and to pay for ongoing operations and maintenance of certain facilities. It is similar to an assessment district, but is authorized under separate legislation with different regulations. A CFD may be established in conjunction with a redevelopment project to undertake new public projects of joint benefit. A CFD can levy special taxes and issue bonds to finance these improvements. The formation of a CFD would require Agency approval and would require the affirmative vote of two thirds of the property owners (weighted vote based on acres owned). Typically, Mello-Roos districts are very difficult to form in urbanized areas such as the Bayview, given the two-thirds voter approval requirement for formation.

**d. Small Business Revolving Loan Fund**

Sponsored by the EDA and administered locally, the Small Business Revolving Loan Fund can be used in designated census tracts to provide low interest loans to businesses in disadvantaged neighborhoods. The loan fund can be used for a variety of assistance, such as working capital, machinery and equipment, leasehold improvements, and façade improvements benefiting disadvantaged neighborhoods. Interest accrued from the fund can be used for marketing, technical assistance and administrative costs. This program may be a possible source of funding for property improvements on Third Street or for other economic development programs.

**e. New Markets Tax Credits (NMTC)**

The New Markets Tax Credits (NMTC) program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). A substantial amount of the qualified equity investment must be used by the CDE to provide investments in low income communities. Qualified CDEs apply to the Community Development Financial Institutions (CDFI) Fund for an award of New Markets Tax Credits. The CDE seeks taxpayers to make qualifying equity investments in the CDE.

A CDE that receives a NMTC award is required to use the qualifying equity investments to make Qualified Low-Income Community Investments in Qualified Active Low-Income Businesses (QALICBs) located in low income communities. The taxpayers are eligible to claim a tax credit equal to five percent of its equity investment in the CDE for each of the first three years and a six percent credit for each of the following four years.

Examples of NMTC eligible investments include loans, equity investments, capital to businesses, and purchase of certain loans made by other CDEs; financial counseling and related services to businesses; and equity investment, loans and counseling to other CDEs. Investments may also be made in community development projects, such as community health centers and charter schools. The process for the tax allocation credits is competitive and best used as a complementary funding source for assisting local business and community development.

**f. Local Initiatives Support Corporation (LISC)**

Local Initiatives Support Corporation (LISC) has been working to build stronger communities across the United States by providing local community based organizations with financing and technical expertise to revitalize distressed neighborhoods. LISC is the largest community development intermediary in the country and has been certified as a Community Development Entity (CDE). It has a long history of successfully raising capital, including its recent NMTC award. Tapping into LISC resources could assist the funding of improvements along the Third Street corridor.

**g. California Organized Investment Network (COIN)**

California Organized Investment Network (COIN) facilitates the offering of a comprehensive array of investment products responsive to capital needs of low income and/or rural communities. COIN envisions no limit on the type or nature of capital investment that insurance companies may provide to eligible proposals. Broadly categorized, COIN-facilitated investment products may be versions of debt, equity or credit enhancement. To be eligible, proposals must satisfy each of the three guiding investment principles: (1) provide safe, sound and solvent investments offering an acceptable financial return; (2) provide investments in or benefiting low income and rural people or communities either directly or through intermediaries; and (3) add value to capital products and programs currently available.

COIN administers the program by certifying Community Development Financial Institutions (CDFIs) that wish to receive qualified investments, and by certifying tax credits for investors. Program activities must have either an affordable housing or economic development benefit. Affordable housing benefits include affordable rental housing, affordable ownership housing, or mixed income and/or mixed use development. COIN could be used to complement economic development and housing programs.

**h. Community Capital Investment Initiative (CCII) and the Bay Area Family of Funds**

The Community Capital Investment Initiative (CCII) is a regional effort developed by the Bay Area Council to build healthy and self-reliant communities; create and recycle wealth for residents, community organizations and institutions; reduce poverty; increase household income; produce high quality jobs; increase the number of community-serving and region-serving businesses; expand affordable housing and homeownership among current residents; create new and improved services and amenities; avoid displacement; and mitigate adverse community impacts. Through capital investment by the Bay Area Family of Funds, CCII facilitates keystone developments such as commercial retail, mixed-use, and industrial facilities in 46 target neighborhoods.

The Bay Area Family of Funds consists of the following three funds: (1) Bay Area Smart Growth Fund invests equity in real estate developments, including mixed use, mixed income, commercial, housing and industrial uses; (2) Bay Area Equity Fund invests equity in profitable growing businesses capable of generating substantial job and wealth creation in 46 target neighborhoods; and (3) California Environmental Redevelopment Fund invests in environmental remediation and redevelopment, primarily clean up activities. Each fund requires double bottom line returns of long-term market returns for investors and significant social returns and environment benefits for communities.

A significant portion of Project Area B is within one of the 46 target neighborhoods and could benefit from investments through the Bay Area Family of Funds, but only developments with market rate returns would be funded under the program.

**i. Small Business Administration (SBA)**

A number of federal Small Business Administration (SBA) funding programs are available, ranging from small business loans, special loans and equity investment programs. All financing options are tailored to small business needs. Loans programs include Basic 7(1) Loan Guaranty, Certified Development Company (CDC), and Microloan and Loan Prequalification. Special loan programs include the Export Working Capital Program that provides short-term working capital to exporters, and International Trade Loan. SBA's investment program consists of privately owned and managed investment firms that provide venture capital and start-up financing to small businesses. Generally, technical assistance is provided, but grants and loans are also available. This funding source could help strengthen the economic base of the business community.

**j. Rule 20A Program**

The Rule 20A Program provides funding for the undergrounding of overhead electrical wires as well as other utilities. Projects are typically in areas of communities that are used most by the general public, and must be legislated by the nominating city for conversion to underground utilities. The work is carried out by Pacific Gas & Electric (PG&E) and paid for by the benefited customers through future electric rates. PG&E requires an 85 percent concurrence from the property owners in the area.

**k. Access to Artistic Excellence**

The Access to Artistic Excellence program, created by National Endowment for the Arts (NEA), fosters and preserves excellence in the arts and provides access to the arts for all Americans. One applicable program category is the Design Stewardship category, which funds projects that protect, share or celebrate Americans' collective design heritage. These include, among others, historic preservation activities; the exhibition and publication of historical design; and education and outreach that bring established design practices to American communities, such as conferences, symposia, and other gatherings that promote the heritage and conservation of design. In redevelopment terms, this program allows the grant to be spent on redevelopment activities, design fees, and community planning, but will not fund construction, purchase or renovation of facilities.

**l. State-Local Partnership Program (SLPP)**

The State-Local Partnership Program (SLPP) currently funds county arts agencies in 51 out of 58 counties. County governments annually approve resolutions of support for the county arts agency's application to the state for funding.



**m. Lease Revenues**

Broad authority exists to issue revenue bonds secured by sources other than tax increment, such as tenant leases on publicly owned facilities. Lease revenue bonds secured by lease revenues from development are not anticipated to be a source of the debt financing for the Agency's Redevelopment Program.

**n. Private Donations**

Private donations by individuals, civic booster organizations or corporate sponsors could make a small, but recognizable contribution to the implementation of the Redevelopment Program. Donations could be used to fund all or part of minor streetscape improvements such as benches, entrance signage, directional signs, bicycle racks, historic signage or landscaping. However, in terms of the total funding needs of the Redevelopment Program, donations may be expected to provide only a small part of the needed implementation funding.

**3. Funding Sources Considered to be Unavailable or Unlikely for Redevelopment Purposes**

As permitted by law, the Agency can utilize local, state, and/or federal government funds, and also funds from private sector sources. A variety of other sources to fund redevelopment activities in Project Area B were considered. However, to a large extent existing resources for improvement projects have been maximized. Other sources have been found to be clearly infeasible or have little potential to generate measurable revenues. Special assessment districts and special taxing districts are also considered unlikely for Project Area B. Tax increment is the primary source, and often the only source, of revenue for the Agency's Redevelopment Programs.

**a. City of San Francisco General Fund**

The general fiscal condition of the City of San Francisco makes any ongoing direct financial support of redevelopment activities difficult. State and federal governments have continued to reduce funding and shifted costs and program responsibility to cities and counties. Cities have a limited ability to raise revenues that might offset new costs or replace lost revenue. In addition to funding essential functions such as police and fire services, the City anticipates major capital expenditures to address the demands on, and needs of, City facilities. In the last three fiscal years, the City closed budget deficits by cutting programs and services and spending down its reserves. With the large City deficit, any new revenue will assist in balancing the budget. As a result, no reliance can be made on the City General Fund as a major source of redevelopment funding.

**b. Community Development Block Grants**

Community Development Block Grants (CDBG) are allocated by HUD to fund activities such as public works; rehabilitation loans and grants; land acquisition, demolition, and relocation for redevelopment; public services; and affordable housing, social services and projects for the elderly or disabled. In San Francisco, CDBG funds are administered by the Mayor's Office of Community Development for citywide uses. CDBG-funded projects and activities must principally benefit low and moderate-income persons, aid in the prevention or elimination of blight, or address an urgent need. CDBG funds have provided a limited source of revenue for many redevelopment activities in California. In the past, the City and Agency have used some CDBG funding for redevelopment activities, but the funds have been very limited.

In recent years, most of the CDBG funds have been used to construct and rehabilitate housing, and provide needed services and facilities, such as day care, to low income residents. Given the competing needs in the City, very few CDBG funds are available for public improvements. Given these factors, coupled with federal budget constraints, CDBG funds cannot be counted upon as a source of revenue for redevelopment projects and activities other than City-sponsored affordable housing.

Section 108 is the loan guarantee provision of the Community Development Block Grants (CDBG) program sponsored by HUD. The objective of the loan funding is to provide communities with a source of financing for economic development, housing rehabilitation, public facilities, and large scale physical development projects. All projects and activities must either principally benefit low and moderate income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community. The maximum repayment period for Section 108 loan is 20 years. Primarily this program can be relied upon for economic development and rehabilitation efforts. It does not generate new funds; rather it is a loan fund secured by CDBG or other dedicated revenues, such as tax increment revenues. The City of San Francisco serves as the Section 108 entity.

### **c. HOME Funds**

The federal HOME Program provides formula grants to states and localities that communities use, often in conjunction with local nonprofit organizations, to fund affordable housing activities. HOME funds are awarded annually by HUD to participating jurisdictions. States are automatically eligible and receive funding each year. Local jurisdictions eligible for at least \$500,000 under the formula (\$335,000 in years when Congress appropriates less than \$1.5 billion for HOME) can receive an allocation. HOME assisted housing must comply with certain income and affordability restrictions. This grant funding is dedicated to affordable housing. The City's annual award is small in comparison to the citywide need for funding. Therefore, this source of funding is unlikely to provide funding for the Bayview.

## **C. Tax Increment Financing: The Primary Source of Funding**

### **1. Overview**

The primary source of financing for the Redevelopment Program will be tax increment revenue generated by the increase in property values within Project Area B.<sup>6</sup> Based on the assumptions outlined in this chapter, the tax increment revenues generated over the tax increment collection period of the Amended Redevelopment Plan are projected to be sufficient to meet the Redevelopment Program costs for both housing and non-housing activities that cannot reasonably be financed from other sources.

The Agency expects to dedicate the non-housing "net tax increment revenue" generated from the parcel that is currently occupied by Candlestick Stadium in Project Area B to help fund the Candlestick Stadium/Mall development proposed for this parcel, if this development is undertaken. The non-housing tax increment generated from other parcels in Project Area B, and the housing set-aside revenues generated from all parcels in Project Area B including the Candlestick parcel, will be available to the Agency for its Redevelopment Program.

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<sup>6</sup> As described in Section A of this chapter, this chapter focuses on the financing sources for Project Area B only.

### **a. Project Time and Fiscal Limits**

The CRL imposes specific time and fiscal limits on particular redevelopment activities, which are summarized below. Project Area A has its own base assessed value and financial and time limits. Pursuant to the SB 2113 Amendment, Project Area A time limits for incurring tax increment debt and for receiving tax increment to repay that debt were extended solely for the purpose of funding affordable housing.

Project Area B's financial and time limits will affect the amount of tax increment revenue the Agency can receive as follows:<sup>7</sup>

- **Time Limit to Incur Debt**  
The Agency's ability to enter into new bonded indebtedness is limited to 20 years from the Plan Amendment.
- **Time Limit to Implement Redevelopment Program**  
The Agency must complete all project activities within 30 years after adoption of the Plan Amendment. This is also referred to as the limit for plan effectiveness.
- **Time Limit to Receive Tax Increment and Repay Debt**  
The Agency can collect tax increment for 45 years to repay debt. Thus, the Agency has 25 years to repay bonds issued in year 20, the last year for issuance of debt. The Agency can continue to repay debt for 15 years after it has completed all project activities.
- **Limit on Amount of Outstanding Bonded Indebtedness**  
The Plan Amendment must include a limit on the total amount of outstanding bonded indebtedness secured by tax increment revenue. The Agency intends to limit the amount of outstanding bonded indebtedness that can be outstanding at any given time to \$400 million.

## **2. Using Tax Increment Revenue to Eliminate Blighting Conditions**

The general purpose of redevelopment is the elimination of blighting conditions. The completion of a redevelopment program results in a project area that is physically enhanced and economically stronger due to the elimination of blighting conditions.

Chapter IV and Chapter V present evidence of substantial and pervasive blighting conditions in Project Area B. The Redevelopment Program described in Chapter VI is specifically designed to stimulate private investment and alleviate physical and economic blighting conditions in Project Area B. The use of tax increment revenue is the most appropriate means of providing sufficient funding for the Redevelopment Program.

## **3. Stabilizing and Enhancing the Property Tax Base**

In many communities, redevelopment projects have led to the stabilization of property tax rolls and tax receipts for taxing entities within project areas. As a result, these communities have avoided declines in tax revenues due to erosion of property values. In most redevelopment project areas, the investment of public redevelopment funds to leverage private investment has resulted in substantial increases in property values over time due to rehabilitation, new construction and property appreciation.

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<sup>7</sup> The time and financial limits apply to tax increment revenues generated in Project Area B only.

#### **4. Establishing a Base Year in Project Area B**

The first major step in the implementation of a tax increment financing program, establishing the base year for assessed value of a project area, occurs at the time of redevelopment plan adoption or an amendment to add territory. For the Plan Amendment, the base year for Project Area A remains the fiscal year of the original adoption date (in this case, FY 1968/69), while the base year for Project Area B will be the fiscal year in which the amendment is approved (FY 2005/06). The total value of taxable property within Project Area B's boundaries is determined at the time of the amendment. The tax roll used is formally called the base year assessment roll, and more commonly referred to as the frozen base or base assessed value. It is the baseline from which changes in assessed value resulting from redevelopment of Project Area B in future years are measured. Future property taxes generated from increases over the base assessed value are referred to as incremental taxes or tax increment revenues.

#### **5. Distribution of Property Taxes During Project Implementation**

Following the amendment of the Redevelopment Plan, all of the entities that levy taxes in Project Area B will continue to receive all property tax revenues derived from Project Area B's base year assessed value. The taxing entities will also receive a portion of the property tax revenues generated from the increases in assessed value in Project Area B over the base year assessed value. These additional payments are called pass-through payments.

The following entities levy taxes in Project Area B:

- City and County of San Francisco,
- San Francisco Unified School District (SFUSD),
- San Francisco Community College District,
- Bay Area Rapid Transit District (BART), and
- Bay Area Air Quality Management District.

The taxing entities will receive a portion of the property tax revenues generated from the increases in assessed value over Project Area B base year assessed value, in the form of a statutory pass-through payment, established for new or added project areas since 1994. (Refer to Section D.5 for further explanation of statutory pass-through payments.)

Increased property tax revenues above the base year assessed value and after payment of obligations are allocated to the Agency to be used to fund the costs of implementing the Redevelopment Program. The Agency may pay for the project on an ongoing (pay as you go) basis, or it may borrow funds (issue bonds) to be repaid by future tax increment revenues.

#### **6. Tax Increment Financing**

The Amended Redevelopment Plan provides for the Agency to receive tax increment revenues as defined in CRL Section 33670. Therefore, the method of financing commonly referred to as "tax increment financing" is available to the Agency for purposes of implementing the Plan Amendment.

## **7. Distribution of Property Taxes After Project Completion**

When a redevelopment project is completed and loans or other indebtedness have been repaid, all property taxes flow back to the respective taxing entities. These taxing entities will benefit from increases in property tax revenues resulting from a revitalized and redeveloped project area. In many communities, such increases are substantial. In fact, over time, taxing entities can recoup revenues following project completion sufficient to make up for the property tax revenues that were allocated to tax increment during the redevelopment implementation period.

This recovery would occur because the increases in assessed valuation from revitalization of the project area are greater as a result of redevelopment than the assessed valuation increases that would have occurred without redevelopment. Thus, payments to the affected taxing entities in a redevelopment area can exceed the property taxes that the taxing entities would reasonably expect to receive from a slow-growing assessed valuation roll without redevelopment.

## **D. Assumptions Used in Project Area B Tax Increment Projections**

The tax increment projections in this Report are intended only as estimates based on the best available information as of the publication of this Report. Actual tax increments may be higher or lower than those projected in the financial model used for this Report. Refer to the tables in Appendix F for detailed projections of potential tax increment revenues for Project Area B.

### **1. Base Year Assessed Value**

The base year for Project Area B is proposed to be FY 2005/06, assuming the Plan Amendment's effective date is on or before August 20, 2006. The FY 2005/06 assessed value of the proposed Project Area B is \$1,165,228,645 according to the San Francisco County Assessor's Office and the California State Board of Equalization. Refer to Appendix K for the Report of the County Fiscal Officer.

### **2. Present Value Assumptions**

The analysis below provides estimates of tax increment revenues in both future value (nominal) dollars and present value (constant FY 2005/06) dollars. The purchasing power of nominal dollars would decline because of inflation and/or the cost of borrowing. Therefore, it is important to convert the annual amounts to the equivalent value in constant FY 2005/06 dollars before making a direct comparison between potential revenues and Redevelopment Program costs.

The present value in constant FY 2005/06 dollars was calculated by discounting future tax increment revenues by an annual rate of 5.5 percent.<sup>8</sup> This discount rate is considered approximately equal to the average cost of funds for the City and the Agency. It accounts for the cost of inflation, as well as the cost of borrowing money (e.g., issuing tax allocation bonds), to approximate the present value of future dollars. Most tax increment will be pledged to the issuance of debt, and only a small portion of tax increment will likely be used on a pay as you go basis.

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<sup>8</sup> As the discount rate rises, the present value figure decreases. A higher discount rate would reflect a more conservative estimate of the anticipated value of future tax revenues.

### 3. Growth Assumptions

Tax increment revenues are projected by applying the effective property tax rate, assumed at one percent, to the estimated increased assessed value over the frozen base. Tax increment revenues are generated from the growth in assessed value above the frozen base. Growth in assessed property values in Project Area B is based upon the three factors below:

- Annual Two Percent Inflation Rate—The annual inflation rate is assumed at two percent per year for properties that remain in the same ownership. Two percent is the maximum annual increase that is allowed by the California State Constitution as a result of Proposition 13 in the absence of certain events that can trigger a reassessment, such as a sale or construction of new improvements. This two percent inflation factor is applied to the assessed value of secured property.<sup>9</sup>
- Reassessment Adjustment—An annual reassessment adjustment represents the increases in assessed value following property reassessment, which is triggered by: (1) the transfer (sale) of real property, (2) upgrading of real property improvements due to rehabilitation or additions to existing buildings, or (3) the reassessments of new development to market value once construction is completed. The reassessment adjustment is assumed to be one percent per year.
- New Development—An adjustment for new development is based on estimates of growth that will occur with new construction and redevelopment of properties. The tax increment model assumes development projections prepared by the Agency, EIP Associates and Seifel Consulting. The estimate of total new development is based on projections for specific sites in Project Area B and is consistent with and lower than the assumptions about total new development used in the EIR, which evaluates the environmental impacts of the Plan Amendment and proposed zoning changes. (Refer to the development tables in Appendix F for the development schedules showing projected development value by year.) As described in Section C.1, the Agency expects to dedicate the non-housing “net tax increment revenue” generated from the proposed Candlestick Stadium and shopping mall to the development, if it is undertaken. The tax increment projections in this Report assume that 100 percent of the 1.2 million square feet shopping mall development would be completed and begin generating incremental tax revenues in FY 2012/13.

### 4. Agency Tax Increment Obligations

Incremental property tax revenues are projected by applying the property tax rate, assumed at one percent, to the increased assessed value over the frozen base.<sup>10</sup> The Agency must use the tax increment revenues to fulfill the following obligations:

- County Retention Fee for Property Tax Administration—Counties can deduct fees for the administration of tax increment revenues. The projections in this Report do not include this potential deduction, as the County has not opted to receive the County Property Tax Administrative Fee for the Agency’s existing redevelopment projects.

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<sup>9</sup> Other assumptions about annual inflation are used for unsecured property and the State Board Assessed Roll.

<sup>10</sup> The projections are based on one percent of assessed value, the base tax rate applied to properties statewide. For debt above the one percent base tax rate attributable to local voter indebtedness that was issued prior to January 1, 1989, the Agency may collect tax increment on this override debt above the one percent base tax rate.

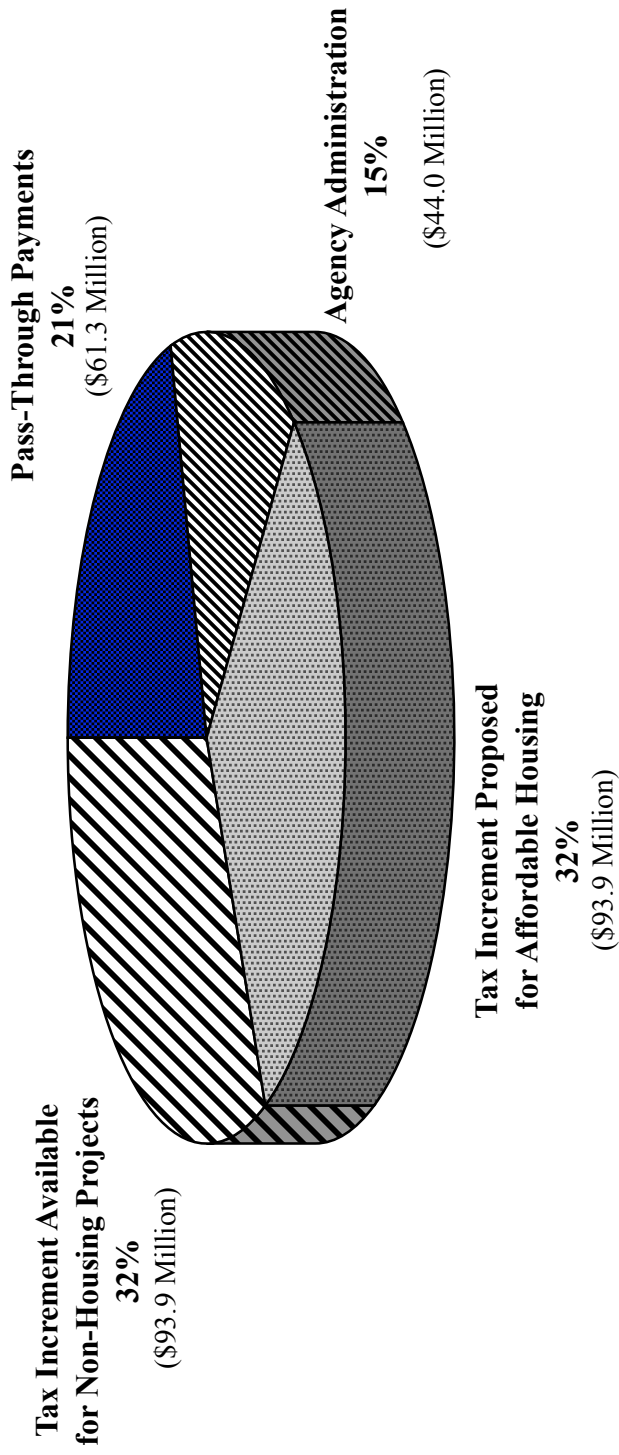
- Housing Set-Aside for Affordable Housing Program—Section 33334.2 of the CRL requires that 20 percent of the gross tax increment revenues from Project Area B be used for increasing and/or improving the community’s supply of affordable housing. In other words, at least 20 cents out of each tax increment dollar generated during the life of Project Area B must be channeled into the Housing Fund to finance the Agency’s affordable housing program.
- Statutory Pass-Through Payments—Within Project Area B, each taxing entity deriving property tax revenue is guaranteed an annual pass-through payment from the Agency. The CRL provides standard formulas for the calculation of pass-through payments for plans adopted or amended after 1993. Each entity receives a payment in proportion to its property tax levy within Project Area B at the time of Plan Amendment. The pass-through payments constitute the State Legislature’s determination of the payments necessary to alleviate any financial burden of a redevelopment program to affected taxing entities. CRL Section 33607.5(f)(1)(B) states that statutory pass-through payments are the only payments that are required to be made by a redevelopment agency to affected taxing entities during the term of a redevelopment plan. (Refer to Section D.5 below for further details on these payments.)
- Additional Payments to Basic Aid Entities—Basic aid school entities receive annual payments from an agency in addition to their standard pass-through payments. No schools in the City are basic aid districts at this time, and none are likely to become so in the foreseeable future.<sup>11</sup>
- Agency Administration—Non-reimbursable Agency administrative costs for projects and activities in Project Area B are projected at 15 percent of incremental tax revenues.

After the Agency satisfies the above obligations, the remaining tax increment revenues along with the 20 percent Housing Set-Aside, are available to the Agency to fund the Redevelopment Program described in Chapter VI of this Report. Figure VII-1 illustrates the distribution of tax increment revenues.

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<sup>11</sup> Basic aid school entities are school districts that receive sufficient property taxes to fund operation of the district, and receive no state subventions other than per pupil payments.

**Figure VII-1**  
**Distribution of Project Area B Tax Increment Revenues**  
**In Constant FY 2005/06 Dollars (Present Value)**  
**Hunters Point Redevelopment Plan Amendment**





## 5. Calculation of Pass-Through Payments

As required by the CRL, each taxing entity will receive its proportionate share of pass-through payments from Project Area B, calculated for three tiers.<sup>12</sup> The CRL mandated pass-through is calculated based on the difference between the assessed value in the particular year for which the pass-through payment is being calculated and the assessed value of the relevant pass-through base year. The incremental assessed value is multiplied by the property tax levy for each entity, times a mandated set of tiered pass-through payment factors. Over the life of a redevelopment project, each entity will receive its proportionate share of three tiers of pass-through payments:

- Tier One  
The tier one pass-through is equal to 20 percent of the gross tax increment from assessed value growth above the base year assessed value. This annual payment begins when the Agency first receives tax increment revenues from Project Area B. The tier one pass-throughs continue over the 45 year tax increment collection period. Under the CRL, the City can elect to receive the tier one pass-through (its proportionate share of 20 percent of gross tax increment). However, it cannot participate in the tier two and tier three pass-throughs. This decision to elect is made before the adoption of the Plan Amendment. This Preliminary Report assumes that the City will elect to receive its share of the pass-through, although the City has the option to forego these pass-through payments.
- Tier Two  
The tier two pass-through is equal to 16.8 percent of the gross tax increment received by the Agency from assessed value growth above the tier two base year value, equal to the assessed value in the tenth year of tax increment collection. This annual payment begins in the eleventh year during which the Agency receives tax increment revenue for Project Area B. This tier two pass-through is added to the tier one payment and continues over the 45 year tax increment collection period.
- Tier Three  
The tier three pass-through is equal to 11.2 percent of the gross tax increment received by the Agency from assessed value growth above the tier three base year value, equal to the assessed value in the thirtieth year of tax increment collection. This annual payment begins the thirty-first year during which the Agency receives tax increment revenue from Project Area B. This tier three pass-through is added to the tier one and tier two payments and continues over the 45 year tax increment collection period.

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<sup>12</sup> The pass-through payments will be paid over the projected 45 year tax increment collection period of Project Area B.

Based on its share of property taxes generated from Project Area B, unadjusted for contributions to the Educational Revenue Augmentation Fund (ERAF), the City and County of San Francisco is projected to receive approximately \$235.9 million in pass-through payments over the tax increment collection period of Project Area B (equivalent to \$52.8 million in constant FY 2005/06 dollars).<sup>13</sup> (See Appendix F for projected pass-through payments, as well as the distribution of the tax revenues to each entity.)

This Report utilizes the property tax levies not adjusted for ERAF for the purpose of calculating pass-through payments, although state law does not clearly indicate whether ERAF adjusted or unadjusted property tax levies should be used.

## **E. Tax Increment Projections**

The tax increment projections are intended only as estimates for financial feasibility purposes. Actual tax increment revenues may be higher or lower. The development projections shown in Appendix F Tables F-4A, F-4B and F-4C are not intended to predict future development, but rather to provide a reasonable estimate on an average annualized basis of potential tax increment growth based on the increase in assessed value resulting from new development. These projections are based on the best available information and analysis techniques, and actual tax increment generated in each year will likely vary.

Table VII-2 summarizes the total tax increment revenues available to the Agency over the 45 year tax increment collection period in nominal dollars and constant FY 2005/06 dollars. Tax increment revenues will accrue over time, with limited revenues in the early years of implementation that will grow as the assessed value of Project Area B increases. For detail on tax increment projections, refer to Appendix F.

### **1. Tax Increment Available for Redevelopment Program**

Project Area B is projected to generate \$1.3 billion in nominal dollars (\$293.0 million in constant FY 2005/06 dollars) in incremental tax revenues over the 45 year tax increment collection period. The County Controller is not projected to charge for the administration of property tax related to Project Area B, pursuant to its current practice. After the Agency pays \$278.0 million in nominal dollars (\$61.3 million in constant FY 2005/06 dollars) in pass-through obligations, and after deducting projected Agency administration costs, the Agency is projected to receive \$835.8 million in nominal dollars (\$187.8 million in constant dollars) for the Redevelopment Program. Appendix Tables F-2A and F-2B in Appendix F provide tax increment projections for Project Area B.

As required by the CRL, the Agency will deposit 20 percent of gross tax increment revenues from Project Area B into the Housing Fund over the 45 year tax increment collection period, equal to about \$262.0 million in nominal dollars (\$58.6 million in constant FY 2005/06 dollars).

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<sup>13</sup> County fiscal officers are required to make contributions to the Educational Revenue Augmentation Fund (ERAF) on behalf of certain taxing entities within their jurisdiction. In order to make these payments, a controller may adjust the levies of taxing entities so that their share of the total property tax decreases and the remainder of property tax is forwarded to ERAF. Not all entities must contribute a share of their property tax to ERAF in this way; for example, school districts and taxing entities whose boundaries extend across multiple counties are not affected. According to the County Controller's Office, in the City and County of San Francisco, the ERAF contribution is approximately 25 percent of the total property tax. The City and County's General Fund share of property tax in Project Area B is approximately 75 percent when adjusted for ERAF and approximately 90 percent when not adjusted for ERAF. Based on discussions with the Controller's office, the Agency's pass-through obligation is calculated based on levies for each entity unadjusted for ERAF (totals to the basic one percent property tax levy).

A component of the Agency's housing policy has been to commit tax increment funds to affordable housing in addition to the CRL-required housing set-aside. Under the Plan Amendment, the Agency must use 50 percent of the tax increment revenue available for the Redevelopment Program for affordable housing. This requirement will provide additional funds to supplement the CRL-required 20 percent set-aside. The 20 percent housing set-aside and the additional tax increment to be used for affordable housing totals \$417.9 million in nominal dollars (equivalent to \$93.9 million in FY 2005/06 dollars). These funds will be a significant source of funding for affordable housing development. The Agency will focus these funds on affordable housing development in Project Area B.

The remaining fifty percent of net tax increment will be dedicated to the Agency's Non-Housing Redevelopment Program projects and activities as described in Chapter VI, projected at \$417.9 million in nominal dollars (\$93.9 million in constant FY 2005/06 dollars). Tables VII-3 and VII-4 show the tax increment available for the Agency's housing and non-housing programs, on an annual basis in nominal dollars and constant FY 2005/06 dollars.

**Table VII-2  
Summary of Project Area B Projected Tax Increment Revenues  
Hunters Point Redevelopment Plan Amendment**

<b>Tax Increment Over the 45 Year Collection Period</b>	<b>Nominal Dollars</b>	<b>Constant FY 2005/06 Dollars<sup>a</sup></b>
Incremental Tax Revenues	\$1,310,400,000	\$293,000,000
Less: County Property Tax Administration	<u>\$0</u>	<u>\$0</u>
Net Taxes Remitted to Agency	\$1,310,400,000	\$293,000,000
Less: Pass-Through Payments to Taxing Entities	\$278,000,000	\$61,300,000
Less: Agency Administration	<u>\$196,600,000</u>	<u>\$44,000,000</u>
Tax Increment for Housing and Non-Housing Projects	\$835,800,000	\$187,800,000
Less: Tax Increment Proposed for Affordable Housing <sup>b</sup>	\$417,900,000	\$93,900,000
<b>Net Available for Non-Housing Projects<sup>c</sup></b>	<b>\$417,900,000</b>	<b>\$93,900,000</b>

Note: Amounts may not precisely match, due to rounding.

- a. Equal to net present value of future revenue stream discounted at 5.5% per year, assuming Agency would issue bonds during the life of the project.
- b. Includes 20% housing set-aside of approximately \$58.6 million (\$262.1 million in nominal dollars).
- c. Assumes the proposed Candlestick Stadium/Mall Project is developed. Without the Candlestick Stadium/Mall Project, tax increment available for the Agency's non-housing projects is projected to be approximately \$84.7 million (versus \$93.9 million) in constant FY 2005/06 dollars. The difference, \$9.2 million in constant FY 2005/06 dollars, is projected to be dedicated to the Candlestick Stadium/Mall Project.

Source: Seifel Consulting Inc., San Francisco Redevelopment Agency.

**Table VII-3**  
**Summary of Project Area B Annual Projected Tax Increment Revenue**  
**In Nominal Dollars (Future Value)**  
**Hunters Point Redevelopment Plan Amendment**

<b>Year (N)</b>	<b>Fiscal Year</b>	<b>TI Available for Housing Programs</b>	<b>TI Available for Non-Housing Programs</b>	<b>Total</b>
0	2005 /06	\$0	\$0	\$0
1	2006 /07	\$0	\$0	\$0
2	2007 /08	\$550,908	\$550,908	\$1,101,815
3	2008 /09	\$824,663	\$824,663	\$1,649,326
4	2009 /10	\$1,109,794	\$1,109,794	\$2,219,588
5	2010 /11	\$1,406,706	\$1,406,706	\$2,813,411
6	2011 /12	\$1,715,816	\$1,715,816	\$3,431,632
7	2012 /13	\$2,559,088	\$2,559,088	\$5,118,177
8	2013 /14	\$2,882,747	\$2,882,747	\$5,765,493
9	2014 /15	\$3,230,038	\$3,230,038	\$6,460,076
10	2015 /16	\$3,590,983	\$3,590,983	\$7,181,966
11	2016 /17	\$3,966,056	\$3,966,056	\$7,932,112
12	2017 /18	\$4,345,878	\$4,345,878	\$8,691,756
13	2018 /19	\$4,740,439	\$4,740,439	\$9,480,878
14	2019 /20	\$5,150,248	\$5,150,248	\$10,300,496
15	2020 /21	\$5,575,831	\$5,575,831	\$11,151,662
16	2021 /22	\$6,017,730	\$6,017,730	\$12,035,461
17	2022 /23	\$6,476,507	\$6,476,507	\$12,953,014
18	2023 /24	\$6,952,739	\$6,952,739	\$13,905,479
19	2024 /25	\$7,447,025	\$7,447,025	\$14,894,050
20	2025 /26	\$7,939,215	\$7,939,215	\$15,878,430
21	2026 /27	\$8,281,173	\$8,281,173	\$16,562,347
22	2027 /28	\$8,641,356	\$8,641,356	\$17,282,711
23	2028 /29	\$9,012,706	\$9,012,706	\$18,025,412
24	2029 /30	\$9,395,566	\$9,395,566	\$18,791,133
25	2030 /31	\$9,790,290	\$9,790,290	\$19,580,580
26	2031 /32	\$10,197,240	\$10,197,240	\$20,394,480
27	2032 /33	\$10,616,791	\$10,616,791	\$21,233,581
28	2033 /34	\$11,049,328	\$11,049,328	\$22,098,657
29	2034 /35	\$11,495,251	\$11,495,251	\$22,990,501
30	2035 /36	\$11,954,967	\$11,954,967	\$23,909,934
31	2036 /37	\$12,406,217	\$12,406,217	\$24,812,434
32	2037 /38	\$12,863,881	\$12,863,881	\$25,727,763
33	2038 /39	\$13,335,276	\$13,335,276	\$26,670,551
34	2039 /40	\$13,820,812	\$13,820,812	\$27,641,623
35	2040 /41	\$14,320,914	\$14,320,914	\$28,641,827
36	2041 /42	\$14,836,019	\$14,836,019	\$29,672,038
37	2042 /43	\$15,366,577	\$15,366,577	\$30,733,154
38	2043 /44	\$15,913,052	\$15,913,052	\$31,826,104
39	2044 /45	\$16,475,921	\$16,475,921	\$32,951,843
40	2045 /46	\$17,055,677	\$17,055,677	\$34,111,353
41	2046 /47	\$17,652,825	\$17,652,825	\$35,305,649
42	2047 /48	\$18,267,887	\$18,267,887	\$36,535,774
43	2048 /49	\$18,901,401	\$18,901,401	\$37,802,803
44	2049 /50	\$19,553,921	\$19,553,921	\$39,107,843
45	2050 /51	\$20,226,017	\$20,226,017	\$40,452,033
<b>Total</b>		<b>\$417,913,474</b>	<b>\$417,913,474</b>	<b>\$835,826,948</b>

**Table VII-4**  
**Estimated Project Area B Tax Increment Revenue Available for the Redevelopment Program**  
**In Constant FY 2005/06 Dollars (Present Value)**  
**Hunters Point Redevelopment Plan Amendment**

<b>Year (N)</b>	<b>Fiscal Year</b>	<b>TI Available for Housing Programs</b>	<b>TI Available for Non-Housing Programs</b>	<b>Total</b>
0	2005 /06	\$0	\$0	\$0
1	2006 /07	\$0	\$0	\$0
2	2007 /08	\$494,964	\$494,964	\$989,929
3	2008 /09	\$702,294	\$702,294	\$1,404,588
4	2009 /10	\$895,844	\$895,844	\$1,791,688
5	2010 /11	\$1,076,319	\$1,076,319	\$2,152,638
6	2011 /12	\$1,244,388	\$1,244,388	\$2,488,777
7	2012 /13	\$1,759,212	\$1,759,212	\$3,518,423
8	2013 /14	\$1,878,394	\$1,878,394	\$3,756,789
9	2014 /15	\$1,994,966	\$1,994,966	\$3,989,932
10	2015 /16	\$2,102,271	\$2,102,271	\$4,204,542
11	2016 /17	\$2,200,806	\$2,200,806	\$4,401,612
12	2017 /18	\$2,285,851	\$2,285,851	\$4,571,703
13	2018 /19	\$2,363,396	\$2,363,396	\$4,726,793
14	2019 /20	\$2,433,849	\$2,433,849	\$4,867,699
15	2020 /21	\$2,497,599	\$2,497,599	\$4,995,198
16	2021 /22	\$2,555,015	\$2,555,015	\$5,110,029
17	2022 /23	\$2,606,448	\$2,606,448	\$5,212,896
18	2023 /24	\$2,652,233	\$2,652,233	\$5,304,466
19	2024 /25	\$2,692,688	\$2,692,688	\$5,385,377
20	2025 /26	\$2,720,999	\$2,720,999	\$5,441,998
21	2026 /27	\$2,690,235	\$2,690,235	\$5,380,470
22	2027 /28	\$2,660,895	\$2,660,895	\$5,321,790
23	2028 /29	\$2,630,562	\$2,630,562	\$5,261,125
24	2029 /30	\$2,599,345	\$2,599,345	\$5,198,690
25	2030 /31	\$2,567,344	\$2,567,344	\$5,134,688
26	2031 /32	\$2,534,654	\$2,534,654	\$5,069,308
27	2032 /33	\$2,501,364	\$2,501,364	\$5,002,727
28	2033 /34	\$2,467,556	\$2,467,556	\$4,935,112
29	2034 /35	\$2,433,308	\$2,433,308	\$4,866,616
30	2035 /36	\$2,398,693	\$2,398,693	\$4,797,385
31	2036 /37	\$2,359,463	\$2,359,463	\$4,718,926
32	2037 /38	\$2,318,960	\$2,318,960	\$4,637,921
33	2038 /39	\$2,278,614	\$2,278,614	\$4,557,229
34	2039 /40	\$2,238,463	\$2,238,463	\$4,476,926
35	2040 /41	\$2,198,541	\$2,198,541	\$4,397,083
36	2041 /42	\$2,158,882	\$2,158,882	\$4,317,763
37	2042 /43	\$2,119,513	\$2,119,513	\$4,239,026
38	2043 /44	\$2,080,463	\$2,080,463	\$4,160,926
39	2044 /45	\$2,041,756	\$2,041,756	\$4,083,511
40	2045 /46	\$2,003,413	\$2,003,413	\$4,006,827
41	2046 /47	\$1,965,456	\$1,965,456	\$3,930,912
42	2047 /48	\$1,927,902	\$1,927,902	\$3,855,805
43	2048 /49	\$1,890,768	\$1,890,768	\$3,781,536
44	2049 /50	\$1,854,068	\$1,854,068	\$3,708,136
45	2050 /51	\$1,817,815	\$1,817,815	\$3,635,630
<b>Total</b>		<b>\$93,895,572</b>	<b>\$93,895,572</b>	<b>\$187,791,144</b>

## F. Financial Feasibility of the Redevelopment Program

This section demonstrates why tax increment revenue made possible through the Plan Amendment will be a necessary part of the overall financing program to eliminate blighting conditions in Project Area B. Together with other public and private revenue sources, tax increment revenues will be a critical funding component in helping the City to meet the costs required to implement the Redevelopment Program. To evaluate the Redevelopment Program feasibility, the following analysis compares estimated costs to tax increment revenues. The net cost to the Agency to complete the Redevelopment Program (including administration costs) is projected to be \$231.7 million in constant FY 2005/06 dollars.

The Agency is projected to receive about \$231.7 million (in constant FY 2005/06 dollars) in tax increment revenue for the Redevelopment Program. In constant FY 2005/06 dollars, the Agency is expected to require about \$93.9 million for affordable housing activities, \$93.9 million for non-housing activities, and \$44.0 million for Agency administration. Thus, the Agency is expected to have sufficient funds to support its Redevelopment Program, but no surplus is budgeted, as shown in Table VII-5.

**Table VII-5**  
**Comparison of Estimated Tax Increment Revenues and Agency Funding Requirements**  
**(Constant FY 2005/06 Dollars)**  
**Hunters Point Redevelopment Plan Amendment**

Tax Increment Available to Agency <sup>a</sup>	\$231.7 million
Less: Agency Administration Expense	\$44.0 million
Less: Agency Affordable Housing Program <sup>b</sup>	\$93.9 million
Less: Agency Non-Housing Program	\$93.9 million
<b>FUNDING SURPLUS<sup>c</sup></b>	<b>None Budgeted</b>

- a. Present value of future tax increment revenues projected to be available for implementation of the Redevelopment Program (includes housing and non-housing programs and Agency administration costs). See Appendix F for details.
- b. See Tables VII-1. Includes \$58.6 million housing set aside and \$35.3 million in additional tax increment for affordable housing.
- c. Numbers may not add or subtract exactly due to rounding.

As described in Sections C.1 and D.3, the tax increment projections in this Report assume that the Candlestick Stadium/Mall is developed, and the Agency expects to dedicate the non-housing “net tax increment revenue” generated from the Candlestick parcel to help fund this development. Without the Candlestick Stadium/Mall development, tax increment available for non-housing Redevelopment Program is projected to be approximately \$84.7 million in constant FY 2005/06 dollars. The difference of \$9.2 million in constant dollars is projected to be dedicated to the Candlestick Stadium/Mall development. In addition, if the Candlestick mall development does not go forward, the funds to be used for affordable housing would be reduced by \$9.2 million, and the Agency would revise its affordable housing program to ensure its financial feasibility.

Although the estimated project costs and the projected revenues will vary over time from those set forth in the estimates and projections presented in this chapter, it is reasonable to conclude that the Redevelopment Program will be financially feasible.



## VIII. Five Year Implementation Plan

The Implementation Plan is a guide that incorporates an agency's goals, objectives and potential programs over a five year implementation plan period, while providing flexibility so the agency may adjust to changing circumstances and new opportunities. The Implementation Plan describes how the Agency is planning to implement the goals and objectives outlined in the Redevelopment Plan in a focused way during the next five years in order to maximize the ability of the existing funds to eliminate blight and revitalize Project Area B. The Agency will greatly enhance its ability to revitalize the Project Area by strategically targeting the use of its limited funds. In addition, the Implementation Plan provides a mechanism for the Agency to monitor its progress meeting its affordable housing obligations as required by CRL.

### A. Statutory Requirement

This chapter satisfies CRL Section 33352(c), which requires that a redevelopment agency adopting or amending a redevelopment plan prepare and adopt a five year implementation plan for the redevelopment project area or added area.

Section 33352(c) states:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(c) An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031.*

### B. Analysis

The Implementation Plan supplements the description of the overall Redevelopment Program, as described in Chapter VI. The purpose of the Implementation Plan is to describe:

- Specific goals and objectives of the Agency for Project Area B;
- Specific projects proposed by the Agency, including a program of both non-housing and affordable housing actions and expenditures proposed to be made within the next five years; and
- How the agency's proposed objectives, projects and expenditures will improve or alleviate the blighting conditions in Project Area B (as described in Section 33031), and implement the affordable housing requirements (as described in Sections 33334.2, 33334.4, 33334.6, 33413).

The Implementation Plan for Project Area B is provided in Appendix G.

# IX. Method or Plan for Relocation

The Agency does not anticipate undertaking activities or providing assistance to activities that will result in the displacement of occupants. (Refer to Section B.1 below for limitations and prohibitions on the use of eminent domain.) If Agency acquisition or redevelopment of property with Agency assistance were to result in displacement of occupants, the Agency will comply with applicable relocation requirements.

## A. Statutory Requirements

California law stipulates that the report to the legislative body include a relocation plan. Section 33352(f) of the CRL requires that the report to the legislative body contain:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(f) A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low- and moderate-income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement.*

## B. Analysis

### 1. Limitations and Prohibitions on Eminent Domain

The Agency may acquire property in Project Area B for the purpose of effecting redevelopment, however the Plan Amendment includes many prohibitions and limitations on the use of eminent domain, as excerpted from Section 1.4.5 of the Plan Amendment:

*Under no circumstances, shall the Agency acquire, through its use of eminent domain, real property in Project Area A because this power expired on December 1, 1998.*

*The Agency may exercise the power of eminent domain only if the Agency complies with state law including, but not limited to, the requirement that the Agency make every effort to acquire property by negotiation, instead of by condemnation or eminent domain; that the Agency pay just compensation based upon fair market value; and that the Agency adopt, at a public hearing by a vote of not less than two-thirds of all members of the Agency Commission, a resolution of necessity finding that acquisition of such property through eminent domain is in the public interest, and necessary to carry out the Redevelopment Plan. In addition, the use of eminent domain shall be subject to the following limitations and prohibitions:*

- The Agency shall not use eminent domain to acquire property without first seeking a recommendation from the PAC or appointed citizens advisory committee. The Agency hereby expresses its commitment to maintain a PAC or an appointed citizens advisory committee for twelve (12) years or for as long as the Agency retains the power of eminent domain.*

- *The Agency shall not use eminent domain to acquire publicly owned property including without limitation, property owned by the San Francisco Housing Authority.*
- *Eminent domain proceedings, if used in Project Area B, must be commenced within twelve (12) years from the Effective Date. This time limitations may be extended only by amendment of this Redevelopment Plan, as adopted and approved by the Board of Supervisors and the Agency Commission, following a community process.*
- *The Agency shall not acquire, through the use of eminent domain, real property in a Residential (R) District, as defined by the Planning Code (“R” zone), in Project Area B.*
- *The Agency shall not acquire real property in Project Area B to be retained by an owner pursuant to an Owner Participation Agreement, unless the owner fails to perform under that agreement and as a result the Agency exercises its reverter rights, if any; or successfully prosecutes a condemnation or eminent domain action.*
- *The Agency shall use eminent domain on a parcel not zoned “R” (Residential) only as a last resort after the property owner has failed, after reasonable notice, to correct one or more of the following conditions:*
  - *The property contains an unreinforced masonry building (UMB) that has not been seismically retrofitted by the date required by City ordinance.*
  - *The property contains a building in which it is unsafe or unhealthy for persons to live or work as determined by the Department of Building Inspection, after failure to comply with an order of abatement of such conditions pursuant to Section 102 of the Building Code.*
  - *The property contains uses that pose a threat to the public’s safety and welfare as formally determined through major citations by the appropriate City agencies or departments, including, but not limited to the San Francisco Police Department, San Francisco Fire Department, San Francisco City Attorney’s Office, San Francisco District Attorney’s Office, San Francisco Department of Public Health, San Francisco Department of Building Inspection, and San Francisco Planning Department.*
  - *A parcel that is vacant, used solely as a surface parking lot (not accessory to another use), or contains a vacant or substantially vacant (approximately 75% or more of the rentable area) building(s) and the owner has no active plans for a new use or development.*
  - *Under-utilization of a property of irregular form and shape, and of inadequate size that substantially hinders its economically viable uses for development consistent with this Redevelopment Plan.*

## **2. Relocation Plan**

The Relocation Plan includes a provision that “although the Agency does not anticipate that redevelopment activity will result in any displacement of persons or businesses, the Agency is required by law to develop and adopt this Relocation Plan.”<sup>1</sup>

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<sup>1</sup> Working Draft Relocation Plan Bayview Hunters Point, Redevelopment Agency of the City and County of San Francisco, February 26, 2006, page 1.

The Agency's Relocation Plan is included in Appendix H.

### **3. Business Occupant Re-entry Preference Program**

The Agency may acquire property in Project Area B for effective redevelopment provided that it is not zoned as residential property. The Agency may acquire non-residential properties in Project Area B, although no specific acquisitions are anticipated at this time. In the event that non-residential property would be acquired, the Agency will set forth rules governing business occupant re-entry into Project Area B. These rules specify that persons doing business in buildings in Project Area B when they are leased or acquired by the Agency will be eligible for a business certificate, allowing them reasonable preference to re-enter Project Area B if they are otherwise in accordance with the Amended Plan.<sup>2</sup>

The Business Occupant Re-entry Preference Program is included in Appendix H.

### **4. Owner Participation Rules**

The Agency will set forth rules governing owner participation in Project Area B redevelopment activities. The Draft Rules for Owner Participation provide that a qualified owner-participant:

*Shall be given a reasonable opportunity to participate in redevelopment by: (A) retaining all or a portion of their properties and using, developing or improving such property for use in accordance with the Redevelopment Plan; (B) acquiring adjacent or other properties within Project Area B [Project Area B] and developing or improving such property for use in accordance with the Redevelopment Plan; or (C) selling their properties to the Redevelopment Agency of the City and County of San Francisco ("Agency") and purchasing other properties in Project Area B.<sup>3</sup>*

Appendix H includes the Rules for Owner Participation.

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<sup>2</sup> Working Draft Business Occupant Re-Entry Preference Program, Redevelopment Agency of the City and County of San Francisco, February 26, 2006, pp. 1-2.

<sup>3</sup> Working Draft Rules for Owner Participation, Bayview Hunters Point Redevelopment Project, Redevelopment Agency of the City and County of San Francisco, February 26, 2006, page 1.

# X. Analysis of Preliminary Plan

This chapter analyzes the Amended Preliminary Plan.

## A. Statutory Requirements

CRL Section 33352(g) states:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(g) An analysis of the preliminary plan.*

## B. Analysis

The Hunters Point Redevelopment Plan, adopted in 1969, will be amended to include additional territory. The initial survey process for the Plan Amendment began in January 1995, when the Board of Supervisors designated the 2,530-acre Survey Area, which included all of the Bayview, except existing redevelopment project areas and the Hunters Point Shipyard Survey Area. In December 1996, the Planning Commission approved an Amended Preliminary Plan for the Hunters Point Redevelopment Project that selected Project Area B, which was coterminous with the Survey Area. Following adoption of the 1996 Amended Preliminary Plan, the Agency, working with the Bayview Hunters Point PAC, refined the boundaries of Project Area B to focus Agency redevelopment efforts in seven activity nodes. The boundaries were further refined to include additional blighted areas and to remove a portion of the Hunters Point Shoreline activity node. Project Area B as recommended includes 1,361 acres.

If the Plan Amendment is adopted, the Bayview Hunters Point Project Area will include the 137-acre Project Area A and the 1,361 acre Project Area B.

The Amended Preliminary Plan for the Hunters Point Redevelopment Project, adopted by the Planning Commission in December 1996, was a general statement of land uses, layout of principal streets, population densities, building intensities, and standards proposed as the basis for redevelopment of the Project Area B and provided for the following:<sup>1</sup>

- Existing streets within Project Area B could be closed, widened or otherwise modified, and additional streets could be created as necessary for proper pedestrian or vehicular circulation;
- Population density was targeted for up to 75 persons per gross acre;
- Building intensity allowed for floor area ratios (FAR) ranging up to a maximum of 4:1;
- Development standards called for new development to consider the surrounding physical environment, site topography, existing urban development, existing development controls and design policies included in the General Plan; and
- Development within the boundaries of the Project Area would be in accordance with provisions provided in the Hunters Point Redevelopment Plan.

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<sup>1</sup> San Francisco Redevelopment Agency, Amended Preliminary Plan, South Bayshore Redevelopment Project Area, (Amended Preliminary Plan for the Hunters Point Redevelopment Project to Include the South Bayshore Survey Area), December 12, 1996.

A twenty-one member Project Area Committee was elected in January 1997 by the Bayview Hunters Point community to work with the Agency in planning the redevelopment of the area designated by the Amended Preliminary Plan. The PAC and Agency collaboration produced the Concept Plan, which described how concentrated revitalization actions could address the issues facing the community. The Concept Plan depicts the conditions in the community, proposes community objectives and policies, and communicates a community vision for future development. It is a guiding document for the Plan Amendment.

# XI. Report and Recommendations of the Planning Commission

The Report on the Plan Amendment must include report and recommendations of the Planning Commission.

## A. Statutory Requirements

CRL Section 33352(h) and (j) state:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(h) The report and recommendations of the planning commission.*

*(j) The report required by Section 65402 of the Government Code.*

The following sections of the CRL describe the purpose and requirements for review of a redevelopment plan by the Planning Commission:

*33346. Before the redevelopment plan of each project area is submitted to the legislative body, it shall be submitted to the planning commission for its report and recommendation concerning the redevelopment plan and its conformity to the general plan adopted by the planning commission or the legislative body. The planning commission may recommend for or against the approval of the redevelopment plan.*

*33347. Within 30 days after a redevelopment plan is submitted to it for consideration, the planning commission shall make and file its report and recommendation with the agency. If the planning commission does not report upon the redevelopment plan within 30 days after its submission by the agency, the planning commission shall be deemed to have waived its report and recommendations concerning the plan and the agency may thereafter approve the plan without the report and recommendations of the planning commission.*

## B. Analysis

In February 2006, the Agency referred the Plan Amendment to the Planning Commission for its report and recommendation.

On March 2, 2006, the Planning Commission is expected to update the South Bayshore Specific Area Plan and to consider the Plan Amendment's conformance with the General Plan, pursuant to CRL Section 65402. Project Area B is located within the area covered by the South Bayshore Area Specific Plan.

The San Francisco General Plan, particularly the Housing Element, Transportation Element, Urban Design Element and the Downtown Area Plan, contain policies applicable to Project Area B. The land uses and developments envisioned within the Plan Amendment are consistent with these policies.

After the Planning Commission's action on March 2, 2006, the Agency will prepare an addendum to this Report on the Plan Amendment that includes a summary of the Planning Commission's actions and any resolutions adopted (i.e., the report and recommendations of the Planning Commission). The Agency will include the addendum in the bound copy of the Report on the Plan Amendment that will be transmitted to the Board of Supervisors.



## **XII. Consultations with the Community**

The Agency has provided extensive opportunities for the public to participate and comment during the Plan Amendment process.

### **A. Statutory Requirements**

This Chapter presents a summary of the Agency's consultations with the community as required by Section 33352(i) of the CRL, which states:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(i) The summary referred to in Section 33387.*

Section 33387 of the CRL refers to the Agency's consultations with the PAC:

*Minutes of all the meetings of the redevelopment agency with the project area committee, which meetings shall be open and public, together with a record of all information presented to the project area committee by the redevelopment agency or by the project area committee for the redevelopment agency for the purpose of carrying out the provisions of this article shall be maintained by the redevelopment agency. Such minutes and record shall be open to public inspection and a summary of such record shall be included in the report to the legislative body, submitted by the agency pursuant to Section 33352.*

### **B. Background**

#### **1. PAC Formation**

Section 33385 of the CRL requires the legislative body to form a PAC for a proposed plan or plan amendment in either of the following situations:

- 1) A substantial number of low-income persons or moderate-income persons, or both, reside within the project area, and the redevelopment plan as adopted will contain authority for the agency to acquire, by eminent domain, property on which any persons reside.*
- (2) The redevelopment plan as adopted contains one or more public projects that will displace a substantial number of low-income persons or moderate-income persons, or both.*

In addition, Section 33385.3(a) of the CRL provides for the establishment of a PAC when an amendment to a redevelopment plan is proposed and states:

*If a project area committee does not exist, and the agency proposes to amend a redevelopment plan, the agency shall establish a project area committee pursuant to Section 33385 if the proposed amendment to a redevelopment plan would do either of the following:*

(1) Grant the authority to the agency to acquire by eminent domain property on which persons reside in a project area in which a substantial number of low- and moderate-income persons reside.

(2) Add territory in which a substantial number of low- and moderate-income persons reside and grant the authority to the agency to acquire by eminent domain property on which persons reside in the added territory. The project area committee may be composed of persons from only the added territory or both the added area and the existing project area.

## **2. PAC Responsibilities**

Section 33386 requires the following:

*The redevelopment agency through its staff, consultants, and agency members shall, upon the direction of and approval of the legislative body consult with, and obtain the advice of, the project area committee concerning those policy matters which deal with the planning and provision of residential facilities or replacement housing for those to be displaced by project activities. The agency shall also consult with the committee on other policy matters, which affect the residents of the project area. The provisions of this section shall apply throughout the period of preparation of the redevelopment plan and for a three-year period after the adoption of the redevelopment plan, subject to one-year extensions by the legislative body.*

## **3. PAC Review of Plan Amendment**

Section 33385.5 of the CRL addresses the PAC's review of the Plan Amendment:

*The agency shall forward copies of the proposed amendment to the redevelopment plan to the project area committee, if one exists, at least 30 days before the hearing of the legislative body, required in Section 33454....*

*The committee, if it chooses, may prepare a report and recommendations for submission to the legislative body. If the project area committee opposes the adoption of the proposed amendment, the legislative body may only adopt the amendment by a two-thirds vote of its entire membership eligible and qualified to vote on such amendments.*

## **C. Analysis**

The Agency has received and will continue to receive public input regarding the proposed Plan Amendment through active involvement of the Project Area Committee (PAC) and public hearings described in this section.

### **1. Bayview Hunters Point Project Area Committee**

In 1997, the Bayview Hunters Point community elected 21 representatives to serve on the Bayview Hunters Point Project Area Committee (PAC). On February 10, 1997, the Board of Supervisors approved and certified the election of the PAC.<sup>1</sup> In accordance with the CRL, the PAC has provided advice, recommendations and direction to the Agency on the Plan Amendment through a comprehensive public process.

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<sup>1</sup> "History of the BVHP-PAC", from the PAC Website, [www.bvhp-pac.org](http://www.bvhp-pac.org).

The PAC structure includes an Executive Committee, which serves as the governing body of the PAC, and five committees, each focused on an element from the mission of the PAC. PAC committees include:

- Health and Environment,
- Housing,
- Land Use, Planning, and Transportation,
- Economic Development and Employment, and
- Education.

Since 1997, the PAC has held regularly scheduled meetings, committee meetings and an annual meeting, which are all open to the public. Major accomplishments of the PAC from 2001 through 2004 include work on modified language for the Plan Amendment, ongoing outreach to the Bayview Hunters Point community, identification of specific activity nodes as focus areas for economic development, and preparation of the Revitalization Concept Plan (Concept Plan).<sup>2</sup>

PAC minutes, agendas, handouts, and audio tapes from 2002 through 2005 are on-file and available to the public at the PAC offices, 1800 Oakdale Avenue, Suite B, Room 8, San Francisco, CA.

The Concept Plan, which describes how concentrated revitalization actions could address the issues facing the community, was finalized in March 2002. The Concept Plan is the result of a collaborative effort by the Agency and the community to depict the conditions in the community, propose community objectives and policies, and communicate a community vision for future development. The Concept Plan set forth redevelopment objectives, which are the basis of in the Plan Amendment's goals and objectives. Implementation of the community vision outlined in the Concept Plan will be guided by the document, "Blueprint for Action in Bayview Hunters Point." In 2004, the Agency, in collaboration with the PAC, completed the Framework Housing Program that described an array of affordable housing programs and policies supported by PAC members. The Agency incorporated relevant policies from the Framework Housing Program into the Plan Amendment.

The Agency forwarded the Plan Amendment and EIR to the PAC members on February 13, 2006, which is more than 30 days prior to the public hearing of the Board of Supervisors.

At its March 1, 2006 meeting, the PAC is anticipating preparing its recommendation on the Plan Amendment, as required by CRL Section 33366. If the PAC were to recommend against the Plan Amendment, the Board of Supervisors may only adopt the Plan Amendment by a two-thirds vote of its entire eligible and qualified members. The Agency will include the recommendation of the PAC in an addendum to this Report. The addendum will be included in the bound copy of the Report on the Plan Amendment that will be transmitted to the Board of Supervisors.

As required by CRL Section 33386, the PAC serves as an advisory body to the Agency, which must consult with the PAC concerning policy matters that deal with the planning and provision of residential facilities for residents displaced by the project and on other policy matters affecting the residents of the Project Area. The Agency must continue to consult with the PAC for at least three years after the Plan Amendment is adopted, subject to one-year extensions by the Board of Supervisors.

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<sup>2</sup> Bayview Hunters Point Project Area Committee Annual Reports 2001, 2003, and 2004.

Section 1.4.5 of the Plan Amendment provides that the “Agency hereby expresses its commitment to maintain a PAC or an appointed citizens advisory committee for twelve (12) years or for as long as the Agency retains the power of eminent domain.”

A summary of recent relevant PAC meetings and a list of all current PAC members is provided in Appendix J.

## **2. Public Hearings**

In addition to the public participation provided through the PAC process, the Agency and the Board of Supervisors will also consult and obtain the advice of property owners and occupants on the adoption of the Plan Amendment at their respective public hearings on the Plan Amendment. Per CRL Section 33349, the Agency will send a first class mailing containing the required notice of its public hearing to the last known assessee (the “property owner”) of each parcel of land and to all tenants and business owners (occupants) within the Project Area. This notice explains the purpose of the public hearing and contains other pertinent information such as the meeting dates, times and locations. The notice of the Agency’s March 7, 2006, public hearing was published in the San Francisco Chronicle for four consecutive weeks in compliance with the CRL. The hearing of the Board of Supervisor is anticipated in the spring of 2006.

## **XIII. Environmental Review**

The Agency and the Planning Commission have prepared the Environmental Impact Report for the Plan Amendment (the EIR), consisting of a Draft Environmental Impact Report (Draft EIR) and the Final Environmental Impact Report (Final EIR), including responses to all comments and responses on the Draft EIR. The EIR provides the environmental documentation required by the CRL and CEQA for the Plan Amendment, and is incorporated by this reference into this Report on the Plan Amendment.

### **A. Statutory Requirements**

Section 33352(k) of the CRL requires that this Report include the report required by Section 21151 of the Public Resources Code, i.e., the Environmental Impact Report (EIR).

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(k) the report required by Section 21151 of the Public Resources Code.*

CA Public Resources Code 21151:

*(a) All local agencies shall prepare, or cause to be prepared by contract, and certify the completion of, an environmental impact report on any project that they intend to carry out or approve which may have a significant effect on the environment. When a report is required by Section 65402 of the Government Code, the environmental impact report may be submitted as a part of that report.*

*(b) For purposes of this section, any significant effect on the environment shall be limited to substantial, or potentially substantial, adverse changes in physical conditions which exist within the area as defined in Section 21060.5.*

*(c) If a nonelected decisionmaking body of a local lead agency certifies an environmental impact report, approves a negative declaration or mitigated negative declaration, or determines that a project is not subject to this division, that certification, approval, or determination may be appealed to the agency's elected decisionmaking body, if any.*

### **B. Analysis**

The Environmental Impact Report (EIR) is intended to serve as a public disclosure document. It identifies and describes environmental impacts associated with the Plan Amendment that are expected to be significant, and describes mitigation measures that could minimize or eliminate significant adverse impacts. The EIR also identifies and evaluates a range of reasonable alternatives to the Plan Amendment.

On June 3, 2003, the City and County of San Francisco and the San Francisco Redevelopment Agency filed a Notice of Preparation for the Bayview Hunters Point Redevelopment Plan Amendment. A 30-day public comment period followed, and the Agency published the Draft EIR (DEIR, SCH No. 2003062094) on October 19, 2004. The document was distributed to all affected taxing entities, the Planning Commission and other entities as required by law.

The 45-day public review period for the DEIR was from October 19, 2004 to December 7, 2004. The Agency held a public hearing on the DEIR on December 7, 2004. Written comments on the DEIR and the responses to the comments are included in the Final EIR.

In March 2006, both the Planning Commission and Agency Commission will consider certifying the Final EIR as accurate, complete and in compliance with the California Environmental Quality Act (CEQA). Certification of the Final EIR must occur prior to final action on the Plan Amendment. Certification of the Final EIR does not constitute approval of the Plan Amendment. The separate Final EIR document serves as the principal background reference for environmental impact and mitigation information for the decision-makers during deliberations pertaining to the Plan Amendment.

Chapter XVI of this Report includes the “Neighborhood Impact Report,” a summary of the neighborhood impacts of the redevelopment activities associated with the Plan Amendment. The Neighborhood Impact Report is based in part on the EIR.

# XIV. Analysis of the County Fiscal Officer's Report

This chapter of the Report on the Plan Amendment includes the analysis of the County Fiscal Officer's Report (33328 Report). A summary of consultations with the affected taxing entities is included in Chapter XV of this Report and a record of these consultations is included in Appendix L.

## A. Statutory Requirements

Section 33352(n) of the CRL requires:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing ...the following:*

*An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.*

Section 33328 of the CRL requires that:

*The county officials charged with the responsibility of allocating taxes under Section 33670 and 33670.5 shall prepare and deliver to the redevelopment agency and each of the taxing entities, a report which shall include the following:*

- (a) The total assessed valuation of all taxable property within the project area as shown on the base year assessment roll.*
- (b) The identifications of each taxing entity levying taxes in the project area.*
- (c) The amount of tax revenue to be derived by each taxing entity from the base year assessment roll from the project area, including state subventions for homeowners, business inventory, and similar subventions.*
- (d) For each taxing entity, its total ad valorem tax revenues from all property within its boundaries, whether inside or outside the project area.*
- (e) The estimated first year taxes available to the redevelopment agency, if any, based upon information submitted by the redevelopment agency, broken down by taxing entities.*
- (f) The assessed valuation of the project area for the preceding year, or, if requested by the redevelopment agency, for the preceding five years, except for state assessed property on the board roll. However, in preparing this information, the requirements of Section 33670.5 shall be reported by block if the property is divided by blocks, or by any other geographical area as may be agreed upon by the agency and county officials.*

## **B. Introduction**

In 1996, the Agency began the process for studying the feasibility of amending the Hunters Point Redevelopment Plan. A Project Area Committee was elected in 1997 and an extensive community planning process has proceeded to the present time.

The County Office of the Controller issued a Fiscal Officer's Report on December 9, 2004 with a base year of FY 2004/05. The Agency notified the San Francisco County Fiscal Officer on December 21, 2005 of a change in the proposed base year for Project Area B as well as revisions to Project Area B boundary. The revised County Fiscal Officer's Report, issued February 21, 2006, uses the equalized assessment roll of FY 2005/06 as the base year for the Plan Amendment. The Agency expects to bring the Plan Amendment before the Redevelopment and Planning Commissions in March 2006 and before the Board of Supervisors the spring of 2006. The analysis of the County Fiscal Officer's Report is based upon the February 21, 2006 report.

## **C. Report of the County Fiscal Officer**

The Office of the Controller of the City and County of San Francisco issued a report in compliance with Section 33328 of the CRL. The Report of the County Fiscal Officer is included in Appendix K of this Report on the Plan Amendment. The information is analyzed below, and has been incorporated into the tax increment projections contained in Chapter VII, Proposed Method of Financing and Feasibility, and Appendix F, Tax Increment Projections.

## **D. Total Assessed Value of Property in Project Area B**

The base year for Project Area B will be fiscal year FY 2005/06, as provided in the County Fiscal Officer's Report. The FY 2005/06 base assessed value of the Project Area B is \$1,165,228,645.<sup>1</sup>

## **E. Identification of Affected Taxing Agencies**

As shown in the County Fiscal Officer's Report, the following taxing entities were identified as levying taxes in Project Area B:

- City and County of San Francisco,
- San Francisco Unified School District (SFUSD) General Fund,
- San Francisco Community College District Fund,
- Bay Area Rapid Transit District (BART) General Fund, and
- Bay Area Air Quality Management District.

The County Fiscal Officer's Report also identified the Educational Revenue Augmentation Fund (ERAF). The ERAF is not a taxing entity, but a fund to which the City and County of San Francisco must contribute.

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<sup>1</sup> County Auditor's Report on the Proposed Plan Amendment for Bayview Hunters Point Redevelopment Project Area B, Office of the Controller, City and County of San Francisco, February 21, 2006, Schedule A.



## F. Ad Valorem Tax Revenues Derived by Each Taxing Entity

The total ad valorem tax revenue to be derived by the affected taxing agencies from all properties within Project Area B boundaries for FY 2005/06 is \$11,627,493.<sup>2</sup> This value includes taxation on secured and unsecured property value utilized for the calculation of basic (1%) property tax revenues, exclusive of debt service.<sup>3</sup>

The County Fiscal Officer's Report provides the tax distribution for each taxing entity. The tax rate for each taxing entity is shown in Table XIV-1. The City and County of San Francisco receives approximately 65 percent of the total basic property tax revenue from Project Area B. The City and County of San Francisco contribute an additional 25 percent to the Educational Revenue Augmentation Fund. The San Francisco Unified School District receives 8 percent of the total basic property tax revenue. The San Francisco Community College District receives 1 percent of revenues, while the Bay Area Air Quality Management District and the Bay Area Rapid Transit District each receive less than 1 percent of basic tax revenue for Project Area B.<sup>4</sup>

**Table XIV-1**  
**Base Year (FY 2005/2006) Property Tax Distribution to the Affected Taxing Entities**  
**Hunters Point Redevelopment Plan Amendment**

Taxing Entity	Percentage of Taxes <sup>a</sup>
City and County of San Francisco	64.7%
Educational Revenue Augmentation Fund	25.3%
<b>Subtotal</b>	<b>90.0%</b>
San Francisco Unified School District General Fund	7.7%
San Francisco Community College District Fund	1.4%
Bay Area Rapid Transit District General Fund	0.6%
Bay Area Air Quality Management District	0.2%
<b>Total General Tax Rate</b>	<b>100.0%</b>

<sup>a</sup> Percentage is the same for both secured and unsecured tax roll.  
Source: County Fiscal Officer's Report, February 21, 2006.

<sup>2</sup> Ibid, Schedule C. This includes \$10,189,972 in general secured base revenue and \$1,462,414 in general unsecured base revenue. It does not include \$1,426,582 in secured debt service revenue and \$210,588 in unsecured debt service revenue.

<sup>3</sup> As shown on Schedule C from the County Fiscal Officer's Report, the amount of tax revenue derived by each taxing entity from the FY 2005/06 assessment roll of Project Area B is reported for the \$1.00 per \$100 tax rate (basic property tax revenues), and for revenues derived from taxing entities levies to repay voter-approved indebtedness.

<sup>4</sup> Ibid, Schedule B.

The County Fiscal Officer's Report includes the total ad valorem tax revenues for each taxing entity from the entire City and County of San Francisco, both inside and outside Project Area B. As shown in Table XIV-2, all of the affected taxing entities receive 1 to 1.1 percent of their total basic tax revenue from taxation in Project Area B, with the exception of the Bay Area Rapid Transit District, which receives 0.7 percent of total basic revenue from Project Area B.

Table XIV-2 compares the FY 2005/06 basic property tax revenues from Project Area B to the revenues collected by each of the taxing entities citywide. The respective taxing entities will continue to receive these property tax revenues over the life of the 45 year tax increment receipt period, in addition to statutory pass-through allocations required under CRL Section 33607.5. Please note that the County Fiscal Officer's Report did not include information about citywide debt service revenues. The Office of the Controller provided supplemental debt service revenue information for the City as a whole on February 23, 2006.

**Table XIV-2**  
**FY 2005-06 Base Year, Basic Property Tax Revenue to be Received by Taxing Entities<sup>b</sup>**  
**Hunters Point Redevelopment Plan Amendment**

Taxing Entity	Revenues from Basic (1%) Property Taxes from the Entire City and County of San Francisco			Basic Revenues from Property Taxes in Project Area B	Project Area B Percentage of City & County Revenues
	Secured Roll	Unsecured Roll	Total		
City and County of San Francisco					
General Fund and Special Revenue Fund	\$639,582,505	\$45,827,770	\$685,410,275	\$7,537,344	1.1%
<u>Educational Revenue Augmentation Fund</u>	<u>\$244,730,653</u>	<u>\$17,945,627</u>	<u>\$262,676,280</u>	<u>\$2,951,537</u>	1.1%
<b>Subtotal</b>	<b>\$884,313,158</b>	<b>\$63,773,397</b>	<b>\$948,086,555</b>	<b>\$10,488,881</b>	<b>1.1%</b>
San Francisco Unified School District	\$75,633,518	\$5,733,206	\$81,366,724	\$897,093	1.1%
San Francisco Community College District	\$14,189,992	\$1,850,479	\$16,040,471	\$168,308	1.0%
Bay Area Rapid Transit District	\$6,213,951	\$448,127	\$6,662,078	\$48,911	0.7%
<u>Bay Area Air Quality Management District</u>	<u>\$2,048,686</u>	<u>\$147,744</u>	<u>\$2,196,430</u>	<u>\$24,300</u>	1.1%
<b>Total</b>	<b>\$982,399,305</b>	<b>\$71,952,953</b>	<b>\$1,054,352,258</b>	<b>\$11,627,493</b>	<b>1.1%</b>

<sup>b</sup> These values do not include debt service revenues.

Source: County Fiscal Officer's Report, February 21, 2006 and information provided by office of the Controller staff on February 23, 2006.

## **G. Estimated First Year Taxes Available to the Redevelopment Agency**

The County Fiscal Officer's Report estimates that there will be no tax increment available to the Redevelopment Agency in the first year of the Plan Amendment, FY 2006/07.<sup>5</sup>

## **H. Assessed Valuation of Project Area B from the Preceding Year**

The County Fiscal Officer's Report states that the assessed value for Project Area B in the preceding year (FY 2004/05) was \$1,097,203,248. This value consists of an assessment of \$956,195,717 for secured property and \$141,007,531 in unsecured property.<sup>6</sup>

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<sup>5</sup> Ibid, Schedule E.

<sup>6</sup> Ibid, Schedule F. This does not include California state assessed property on the Board Roll.

## **XV. Consultations with Taxing Entities**

Section 33328 of the CRL requires that prior to public hearing on the Redevelopment Plan Amendment, the Agency must consult with each taxing entity that levies taxes, or for which taxes are levied, on property in the Project Area. The Agency must consult on the proposed Plan Amendment and the allocation of tax increment revenues. Pursuant to Section 33352(n), if any of the affected taxing entities express written objections or concerns about the proposed Plan Amendment as part of these consultations, the Agency must include a response to these concerns, additional information, if any, and, at the discretion of the Agency, proposed or adopted mitigation measures.

### **A. Statutory Requirements**

CRL Section 33352(n) provides the following:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(n) (1) An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.*

*(2) As used in this subdivision:*

*(A) "Mitigation measures" may include the amendment of the redevelopment plan with respect to the size or location of the project area, time duration, total amount of tax increment to be received by the agency, or the proposed use, size, density, or location of development to be assisted by the agency.*

*(B) "Mitigation measures" shall not include obligations to make payments to any affected taxing entity.*

### **B. Staff Contacts at the Taxing Entities**

The following individuals at the five affected taxing entities were contacted and received a copy of the Preliminary Report and the January 2006 letter:

- Edward Harrington, Controller  
City and County of San Francisco
- Myong Leigh, Chief of Policy and Planning  
San Francisco Unified School District
- John Belmont, Controller  
San Francisco Community College District

- Scott Schroeder, Controller Treasurer  
Bay Area Rapid Transit District
- Bill Norton, Control Officer  
Bay Area Air Quality Management District

## **C. Communications with Taxing Entities**

In 2004, the Agency notified the county officials, taxing agencies, and the SBE of its intent to use FY 2004/05 as the base year for the Plan Amendment.

In 2005, Agency staff contacted each affected taxing agency by telephone to inform them that the Preliminary Report would be mailed and obtain the name of the appropriate person to whom the Preliminary Report should be sent. On December 21, 2005, copies of the Preliminary Report for the Hunters Point Redevelopment Plan Amendment were distributed to all affected taxing agencies by certified mail for review and comment.

In the cover letter transmitting the December 2005 Preliminary Report, the Agency notified the taxing entities of its intent to use FY2005/06 as the base year. In January 2006, the Agency notified the county officials and the SBE of the change in the base year to FY 2005/06 and requested FY 2005/06 assessed values.

On January 25, 2006, the Agency sent written notification to the taxing agencies notifying them of the January 31, 2006 consultation on the Plan Amendment. This letter also informed the taxing entities of the modification to the Project Area B boundary. Agency staff reminded taxing entities of the meeting through telephone calls placed on January 27, 2006.

## **D. Meeting with Taxing Agencies**

The Agency held a consultation with affected taxing entities on Tuesday, January 31, 2006, 10:00 AM, at the Agency's offices, where comments and questions could be recorded and transcribed.

No representatives of the affected taxing entities attended the meeting.

## **E. Comments Received from Taxing Agencies and Agency Responses**

The Agency's December 21, 2005, letter to the taxing agencies requested comments on the Preliminary Report and notified the agencies of the January 2006 meeting. As of the date of this Report, the Agency has not received any comments from the affected taxing entities.

The taxing agencies will have another opportunity to comment on the Plan Amendment at, or prior to, the public hearings of the Agency Commission and Board of Supervisors. Notice of these hearings will be sent certified mail to County officials and affected taxing agencies at least thirty (30) days prior to the hearing of the Agency Commission and the Board of Supervisors. If any written comments are received from the taxing entities, the Agency will reply in writing, and those letters and their responses will be incorporated in an addendum to this Report.

# XVI. Neighborhood Impact Report

Section 33352(m) of the CRL requires that the report to the legislative body contain a neighborhood impact report if the redevelopment project contains low- or moderate-income housing. The purpose of the neighborhood impact report is to describe in detail the impact of the proposed actions upon the residents of the project area and surrounding areas in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education and property assessments and taxes.

## A. Statutory Requirements

Section 33352(m) of the CRL requires that:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing ...the following:*

*(m) If the project area contains low or moderate income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of the project area and the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect of school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood. The neighborhood impact report shall also include all of the following:*

- (1) The number of dwelling units housing persons and families of low or moderate income expected to be destroyed or removed from the low and moderate income housing market as part of a redevelopment project.*
- (2) The number of persons and families of low or moderate income expected to be displaced by the project.*
- (3) The general location of housing to be rehabilitated developed or constructed pursuant to Section 33413.*
- (4) The number of dwelling units housing persons and families of low or moderate income planned for construction or rehabilitation, other than replacement housing.*
- (5) The projected means of financing the proposed dwelling units for housing persons and families of low and moderate income planned for construction or rehabilitation.*
- (6) A projected timetable for meeting the plan's relocation, rehabilitation, and replacement housing objectives.*

Under Section 33457.1 of the CRL:

*To the extent warranted by a proposed amendment to a redevelopment plan, ...the reports and information required by Section 33352 shall be prepared and made available to the public prior to the hearing on such amendment.*

## **B. Analysis and Summary of Impacts**

The following summary of the neighborhood impacts is based in part on the analysis presented in the Environmental Impact Report for the Plan Amendment (EIR). The EIR assessed the environmental impacts of the Plan Amendment, the program of redevelopment activities (sometimes referred to in this Report as the Redevelopment Program) made possible by and proposed to be undertaken pursuant to the Plan Amendment. The EIR also analyzed the environmental impacts of rezoning consistent with the Rezoning Option C: High Housing set forth in the Planning Department's Community Planning in the Eastern Neighborhoods: Rezoning Options Workbook. Thus, this chapter uses the term "Project" when referring to the Plan Amendment, Redevelopment Program and proposed rezoning, consistent with the EIR. All neighborhood impacts described in this analysis are from the EIR, unless otherwise noted.

The intent of the Plan Amendment is to provide a means for the Agency to continue and expand a series of programs to foster public and private investment and development in Bayview Hunters Point. The Redevelopment Program for Project Area B consists of the following categories of redevelopment activities:

- Economic Development
  - Planning and predevelopment
  - Site preparation and development
  - Economic revitalization
- Community Enhancements
  - Public infrastructure and facilities
  - Circulation
  - Public open space
- Affordable Housing
  - Rental/Multifamily Housing Programs
  - Homeownership Programs

For a more detailed description of potential redevelopment activities, please refer to Chapters VI and VIII of this Report.

The direct impact of redevelopment activities will be to encourage the revitalization of Project Area B and eliminate remaining blighting influences in Project Area A. The Redevelopment Program will revitalize areas that exhibit adverse physical and economic conditions, stimulate private investment in Bayview Hunters Point, improve housing conditions and infrastructure in residential neighborhoods, and provide tax increment funds for the redevelopment activities that are needed to alleviate blighting conditions.

The secondary impacts of redevelopment activities will be to improve transportation and circulation; preserve and create civic, cultural, and educational facilities and amenities as a catalyst for area revitalization; upgrade, modernize and expand public infrastructure; revitalize business areas in Project Area B through business retention, expansion and attraction; and preserve residential neighborhoods. This growth and stabilization will in turn produce several impacts, which are discussed in the following sections.

## **1. Major EIR Findings**

The EIR has been formulated as a program EIR, a type of EIR authorized by Section 15168 of the California Environmental Quality Act (CEQA) Guidelines for use in documenting the environmental implications of community general plans, redevelopment plans and other “programs” that involve a series of interrelated actions taken by a governmental authority that can be characterized as one project to achieve an overall program goal. The approach used in preparing the EIR under the “program EIR” authority was to describe the anticipated broad based, Project Area-wide and community-wide impacts of the Plan Amendment.

All programs and projects included in the Redevelopment Program were analyzed at a program level consistent with the State CEQA Guidelines. Specific developments, such as the Stadium Development Retail/Entertainment Center, will require additional, detailed environmental review based upon project-specific characteristics.

As summarized below and fully in the EIR, the EIR analysis and findings identified two significant, unavoidable impacts resulting from Redevelopment Program implementation: (1) a visual impact on views resulting from the Stadium Development Retail/Entertainment Center and (2) a transportation impact at the intersection of Third Street and Cesar Chavez Street.

## **2. Relocation (None Anticipated)**

The Agency does not anticipate undertaking activities that would result in displacement. Although the Project Area contains residential dwelling units, many of which are occupied by low- or moderate-income persons or families, the Plan Amendment does not authorize eminent domain over residentially zoned property. In addition, the Plan Amendment includes many other restrictions and limitations on the use of eminent domain. The Plan Amendment’s limitations and restrictions include the following (as summarized from Section 1.4.5 of the Plan Amendment):

- The Agency shall not acquire, through the use of eminent domain, real property in Project Area B zoned as Residential (R) District, as defined by the Planning Code (“R” zone).
- Agency does not have the power of eminent domain in Project Area A.
- Agency must seek recommendation from the PAC or an appointed citizens advisory committee prior to exercising eminent domain authority in Project Area B.
- The Agency will not use eminent domain to acquire publicly owned property including without limitation, property owned by the San Francisco Housing Authority (SFHA).
- The CRL-mandated 12 year limitation on eminent domain authority may be extended only through a Plan Amendment, as adopted and approved by the Board of Supervisors and the Agency Commission, following a community process.
- The Agency shall not acquire real property in Project Area B to be retained by an owner pursuant to an Owner Participation Agreement (OPA), unless the owner fails to perform under that agreement and as a result, the Agency exercises its reverter rights, if any; or successfully prosecutes a condemnation or eminent domain action.
- The Agency shall use eminent domain on a parcel not zoned “R” (Residential) only as a last resort after the property owner has failed, after reasonable notice, to correct one or more conditions as specified in Section 1.4.5 of the Plan Amendment.



If any currently unforeseen non-voluntary or voluntary displacement were to occur as a result of Agency-assisted redevelopment activities, however, potential displacement would be mitigated by relocation assistance including financial payments, counseling, alternative housing options and other assistance required by the replacement housing plan provisions of state law. Residents would not be displaced unless and until suitable relocation housing would be available for occupancy at affordable rents. The Agency would assist residents in finding housing that is decent, safe and sanitary and within their financial means, in reasonably convenient locations and otherwise suitable to their needs.<sup>1</sup>

### **3. Transportation and Circulation**

The EIR found that new development within Project Area B would contribute to increased traffic on regional roadways and within the City of San Francisco. The development assumptions in the EIR for Project Area B are consistent with the adopted San Francisco General Plan. Specific future development projects within Project Area B would be subject to General Plan policies. Consistent application of these policies would reduce most potential transportation and circulation impacts to less-than-significant levels. In addition, the City and its Congestion Management Agency (San Francisco Transportation Authority) require project-specific traffic studies for projects generating 100 or more peak hour trips.

#### **a. Cumulative Impacts on Road System Operation**

The EIR identified significant roadway impacts exceeding the Level of Service (LOS) standard at one intersection in Project Area B. Traffic impacts are determined by comparing the “Project” to the Year 2025 Base Scenario (projected growth in the absence of the redevelopment/rezoning project). During the Weekday evening peak hour, the intersection of Third Street and Cesar Chavez Street would operate at LOS F (indicating a jammed traffic condition) in all future scenarios. This impact is considered a significant, unavoidable impact for which acceptable and feasible mitigation does not exist.

The EIR found impacts at five other intersections in Project Area B: Bayshore Boulevard/Silver Avenue, Bayshore Boulevard/Industrial Street/Alemany Boulevard, Bayshore Boulevard/Paul Avenue, Third Street/Evans Avenue and Cesar Chavez Street/Evans Avenue. The EIR determined that these impacts were mitigable to less-than-significant levels.

The EIR also determined that the freeway segment of US Highway 101 located south of 280 would operate at unacceptable levels, but that the Plan Amendment would add only a small portion of the traffic volume contributing to the traffic condition on this roadway.

#### **b. Impacts on Transit**

The “Project” would generate approximately 15,388 new transit trips on a typical weekday (10,620 inbound to Project Area B; 4,768 outbound) and 1,344 trips during the evening peak hour (203 inbound; 1,141 outbound). The Candlestick and Health Center activity nodes would generate the majority of the transit trips.

Muni ridership would increase approximately 858 trips during the evening peak hour. These Muni estimates include presumed transfers to regional transit carriers, including AC Transit, Golden Gate Transit, SamTrans, CalTrain and BART. Muni anticipates a service change in the form of the completed light rail transit streetcar (LRT) that will connect Project Area B to the South of Market Area and Chinatown on Third Street.

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<sup>1</sup> Draft Relocation Plan, Bayview Hunters Point Redevelopment Project, February 26, 2006; Draft Redevelopment Plan for the Bayview Hunters Point Redevelopment Project, February 27, 2006, Section 3.4.

Muni will discontinue service of bus line 15 on Third Street when the LRT begins operation. Muni projects that all bus lines in Project Area B would operate substantially below capacity for both inbound and outbound directions.

The net increase of 48 regional transit trips (28 inbound, 20 outbound) would have a negligible effect on regional transit capacity, so the “Project” would have a less-than significant impact on regional transit service.

### **c. Impacts on Bicycle and Pedestrian Systems**

The “Project” would generate an additional 2,210 net new pedestrian trips on a typical weekday during the evening peak hour. These would be dispersed throughout Project Area B, and would create no significant adverse impact. More pedestrians will use the crosswalks near the LRT stations on Third Street, although this will not impact the operation of existing crosswalks. Several streets near the Third Street LRT platforms currently lack adequate sidewalks and crosswalk painting.

The “Project” would generate an estimated 79 new bicycle trips on a typical weekday during the evening peak hour. These would be dispersed throughout the Project Area, and so would create no adverse impacts.

### **Bayview Connections Urban Open Space Project**

This separate, ongoing project designs pedestrian and streetscape improvements that will effectively link transit to retail, services and cultural facilities, focusing on the Town Center activity node and the southeastern portion of the Oakinba activity node. The project is a collaboration among Muni, the Agency, the Department of Public Works, and the Planning Department.

## **4. Environmental Quality**

Redevelopment activities would generally enhance the environmental quality of Project Area B by improving neighborhoods and facilitating cleanup of hazardous materials. Achievement of the basic redevelopment objective of blight elimination, as made possible by the Plan Amendment, is, in itself, a positive environmental impact.

### **a. Hazardous Materials**

Project Area B and surrounding properties contain numerous sites where hazardous materials are generated, stored, handled and/or treated, including sites of existing and past industrial uses, gas stations, auto repair enterprises, and other land uses that use, store, or dispose of hazardous materials and wastes. It may also contain other hazards, such as asbestos and PCBs, and the risk of explosion from industrial accidents. The City of San Francisco is aware of these potential hazards and has set forth policies and implementation programs relevant to the proposed Redevelopment Program and its relationship to hazardous materials conditions in its General Plan.

Plan Amendment-related construction has the potential for exposing construction workers and future site occupants to spills, leaks and other discharges of existing hazardous materials or wastes. In addition, hazardous substances may be stored, generated, and/or used in association with new commercial, industrial or other uses within Project Area B. The EIR recommends mitigation measures that would be expected to reduce the potentially significant health and safety risks associated with potential exposure to hazardous materials to a less-than-significant level.

The following potential sources of hazardous materials are present in Project Area B:

- Fill materials placed east of the historic high tide line;
- Identified sites where soil or groundwater has been affected by chemical release(s) from past or present land uses; and
- Existing permitted uses of hazardous materials, including underground storage tanks (USTs) and permitted handling of hazardous wastes.

Fill materials include a wide variety of materials, ranging from sand, rock and bricks to building debris, industrial refuse and glass. Because hazardous materials were incorporated into the fill composite, these areas frequently contain polynuclear aromatic hydrocarbons, heavy metals, oil and grease, and volatile organic compounds. San Francisco Health Code Article 22A specifically requires site assessments at sites east of the 1851 high tide mark where the land has been filled and mitigation may be required. Parts of the Northern Gateway, South Basin, and Candlestick Point activity nodes are east of the 1851 high tide mark.

Certain historic land uses are also associated with the presence of hazardous materials. Much of Project Area B has been used primarily for industrial purposes since the 1800s. Some of these uses included lumber, meat packing, tallow, tannery, automotive repair, power generation, gasoline service stations, oil storage facilities, dry cleaning services and printing shops.

The Plan Amendment includes objectives and programs to eliminate blighting influences and correct environmental deficiencies in Project Area B. These include the elimination of incompatible land uses and removal of impediments to development. The Plan Amendment's Economic Development Program includes a brownfield cleanup assistance program, which will be funded with tax increment resources.<sup>2</sup>

Hazardous materials are currently used and handled regularly at numerous sites within Project Area B. These permitted uses are in accordance with current hazardous materials regulation, and release of hazardous materials from these sites is considered low.

Hunters Point Shipyard, a documented environmental case, is a redevelopment area located directly east of Project Area B. It was placed on the National Priorities List (NPL), or Superfund, in 1989. The site has been host to industrial uses since 1869 and is known to include a wide variety of contaminants, a landfill and naturally occurring asbestos in the soil. The shipyard is currently undergoing remediation by the U.S. Navy, subject to federal and state oversight. The first remediated parcel (Parcel A) was certified as clean by the U.S. EPA in October 2004 and was transferred to the Agency in November 2004.

For a more detailed description of the hazardous materials database review process, see Chapter III-K and Appendix C of the EIR. Refer to Chapter V of this Report on the Plan Amendment for a description of hazardous materials in Project Area B.

## **b. Population**

The Plan Amendment could potentially stimulate population, employment and housing stock growth in Project Area B. The EIR transportation model includes assumptions and anticipated housing units that are outside of Project Area B, and so population growth figures are above and beyond the impact that will occur as a result of the Plan Amendment alone.

The EIR transportation model estimates that implementation of the "Project" could potentially result in as many as 20,896 additional residents, 6,146 housing units and 8,375 jobs in the larger study area by 2025.

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<sup>2</sup> Draft Redevelopment Plan, Objectives, Section 1.2.1; Economic Development Program, Section 3.5.1.

The base case scenario anticipates 2,815 residents, 1,718 housing units and 5,308 jobs, by comparison. As the transportation model analysis covers a larger study area than the Plan Amendment, these estimates would be considered higher than what would actually occur as a result of the Plan Amendment.

The Plan Amendment allows for the construction of approximately 3,700 new housing units in Project Area B. The San Francisco Planning Department estimates that 3.31 persons will live in each household in 2025, meaning that 3,700 housing units would constitute an approximate addition of 12,247 residents in Project Area B by 2025.

This anticipated growth would not in and of itself constitute a significant adverse environmental impact, and in many ways is the desired outcome of the Plan Amendment. In addition, growth may be less than expected, depending on private market conditions.

### **c. Land Use and Applicable Land Use Plans and Policies**

The Redevelopment Program would provide opportunities for the City to enhance its residential character, stimulate private investment, and promote economic development. All activities undertaken by the Agency, including all development activities facilitated by a redevelopment plan or plan amendment, must be consistent with the goals and policies of San Francisco's General Plan. The General Plan Index, which cross-references the policies related to land use located throughout the General Plan, plays a central planning role in correlating all City land use issues, goals, and objectives into one set of development policies. The South Bayshore Plan is the specific area plan that covers the southeastern section of the City. The South Bayshore Plan land use designations, goals, policies and guidelines are expressly incorporated into the Plan Amendment and would govern all development actions set forth in the Redevelopment Plan. At the time of publication of this Report, both the Planning Department and the City Planning Commission were reviewing the EIR, updates to the South Bayshore Specific Area Plan, and the Plan Amendment.

The "Project" provides opportunities for economic development by retaining and creating new businesses, and through new construction and rehabilitation of existing housing. The "Project" also promotes community enhancements through the creation of open space and streetscape programs and through design guidelines. The "Project" would be generally consistent with existing applicable General Plan goals and policies.

### **Proposed Eastern Neighborhoods Rezoning Community Planning Process**

Bayview Hunters Point is one of four selected eastern areas of the City identified in the Planning Department's Eastern Neighborhoods community planning and rezoning process that is currently underway. This process identifies areas where manufacturing and industrial businesses are needed to maintain a diverse economy in the City and to encourage housing outside of these areas in more appropriate places.

### **Existing Redevelopment Plans**

The Agency has four adopted redevelopment plans near Project Area B: Hunters Point, India Basin Industrial Park, Bayview Industrial Triangle and Hunters Point Shipyard. Project Area B will be included in the Hunters Point Project Area, which, upon amendment, will be renamed the Bayview Hunters Point Redevelopment Project Area. The other Redevelopment Plans would remain unchanged.

## **Bayview Hunters Point Community Revitalization Concept Plan**

Consistent with the CRL, a Project Area Committee (PAC) was elected to represent the community in 1997. Through a series of community workshops, the PAC and Redevelopment Agency staff developed the Concept Plan (adopted by the PAC in 2002), which identifies community needs and a community vision statement to guide the redevelopment process for Project Area B. The community goals and focus areas have been incorporated into the “Project” in the form of goals and activity nodes. The Plan Amendment is generally consistent with the Concept Plan’s goals and objectives.

The Concept Plan identifies seven major revitalization strategies:

- Promote local economic and employment development first.
- Improve education, training, and employment opportunities for residents.
- Focus coordinated investments in high priority areas where they will have the greatest visibility and impact.
- Encourage civic participation through interactive public processes and foster cultural development through the arts.
- Conserve existing housing and provide new housing.
- Address environments problems and identify opportunities that increase the quality of life.
- Improve the physical environment and transportation systems.

### **Regional Plans**

Several regional plans would affect land use within Project Area B. These include the Bay Trail Plan, San Francisco Bay Plan and Candlestick Point Recreation Master Plan. The Bay Trail Plan, administered by the Association of Bay Area Governments, proposes the development of a regional hiking and bicycling trail connecting shorelines around San Pablo and San Francisco Bays through the nine counties of the Bay Area. Existing Bay Trail segments are located along the inland bay and shoreline portions of the Hunters Point Shoreline and Candlestick Point activity nodes. The Bay Plan is administered by the San Francisco Bay Conservation and Development Commission (BCDC), which has authority to regulate new development within 100 feet of the shoreline, to ensure public access and make certain that shoreline property is conserved to allow for certain high-priority water-oriented uses, such as port facilities. Water-oriented development, recreation and public access to the shoreline within the Project Area could be subject to oversight and permitting by BCDC. Finally, the Candlestick Point Recreation Master Plan, administered by the California State Parks Department, establishes the shoreline parkland extending from the north side of Yosemite Slough in the South Basin activity node to the county line, south of the Candlestick Point activity node.

### **Summary of Land Use Changes**

Redevelopment would facilitate an increased rate of development and redevelopment of existing undeveloped and under-developed residential commercial and industrial lands in Project Area B. Increased commercial development would also be expected in the form of both new construction and the rehabilitation and conversion of existing structures. However, given the proximity of some existing and planned land uses, intensification could result in adverse land use impacts as a result of potential new land use conflicts between specific industrial, or commercial developments next to or near residential, park or open space uses (e.g., public safety, security, traffic, visual, light, noise, parking, odor and other conflicts).

Land use changes resulting from the “Project” would be consistent with redevelopment goals to eliminate economic and physical blight within Project Area B, the land use vision, goals and recommendations of the Bayview Hunters Point community, and citywide goals to increase the housing supply, particularly affordable housing. The “Project” would create development nodes that locate and concentrate new development in appropriate locations and establish buffer zones that would avoid conflicts between existing and new residential, industrial and mixed-use development. The Redevelopment Plan will also initiate community enhancement programs that will improve open space facilities and develop connections from neighborhoods to recreation resources along the waterfront.

#### **d. Environmental Justice**

Southeast San Francisco has a disproportionate number of industrial and polluting facilities. San Francisco does not currently have an environmental justice policy, but the Department of the Environment’s Strategic Plan (2003-2006) has an environmental justice program focused on the Bayview Hunters Point and Potrero Hill neighborhoods. The goals of this program include:

- Ensure that the least harmful alternatives to polluting infrastructures and/or activities are established in San Francisco.
- Mitigate historical environmental and health-related inequities and ensure the equitable distribution of environmental benefits and burdens.
- Educate and empower communities to support sustainability and to have a voice in decisions that may affect their environmental well-being.

The Plan Amendment includes objectives to establish industrial trucking routes; to eliminate blighting influences and correct environmental deficiencies, such as incompatible land uses and inadequate or deteriorated public improvements, facilities and utilities; and to remove impediments to land development, which would include polluted areas and polluting land uses.<sup>3</sup> In addition, the Economic Development Program of the Plan Amendment includes a brownfield cleanup assistance program.<sup>4</sup>

Environmental justice goals would have to be balanced with other policies to encourage economic development in Project Area B, in particular with respect to manufacturing and industrial activity. Refer to Chapter VI of this Report for more information on the Redevelopment Program.

#### **e. Biology**

The area within the San Francisco City limits is mostly urbanized, and almost all of the native vegetation in Project Area B has been removed and replaced with impervious surfaces or urban landscaping. Many disturbed, vacant and underutilized areas are characterized by weedy vegetation, comprised of non-native grasses and plants common to the Bay Area. Vegetated areas of Candlestick Point Recreation Area are mostly mowed, non-native grass species.

Much of the landscape in the Bayview Hunters Point area was once gently sloping coastal prairie grassland. Islais Creek collected water from several tributaries and drained eastward toward the Bay, discharging into a large salt marsh area influenced by tidal flows. These shallow areas were largely artificially filled over time, but remnants of wetlands, mudflats, northern coastal salt marsh, and creek channels still exist in the Northern Gateway, South Basin and Candlestick activity nodes. The other activity nodes are not known to support sensitive habitats and are almost entirely built out.

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<sup>3</sup> Ibid, Section 1.2.1.

<sup>4</sup> Ibid, Section 3.5.1.

To date, the “Project” does not have specific physical elements that would indicate a particular zone where disturbance of a sensitive habitat may occur and Project Area B is not known to support any such habitat. The EIR states that “Project” implementation does not exceed the significance criteria for sensitive species, wildlife movement or species diversity. “Project” implementation may result in impacts on wetland habitat, street trees and nesting birds, but the site-specific environmental mitigation measures proposed in the EIR would diminish these potential development impacts to less-than-significant levels. The Plan Amendment would enhance and expand open space resources and would facilitate streetscape improvements, including additional street trees.

#### **f. Drainage and Water Quality**

San Francisco operates a combined sewer system, handling sanitary sewage flows, stormwater and industrial wastewater. Almost all freshwater flows have been diverted to the municipal sewer system, and water is treated by at the Southeast Water Pollution Control Plant, located within Project Area B. Potential impacts from the buildout of Project Area B include: (1) new development would increase sanitary sewage flows year-round to the combined sewer system; and (2) increased landscaping and decreased impervious surfaces would have the mitigating effect of reducing the volume of stormwater runoff to the combined sewer system.

The “Project” anticipates negligible impacts on wastewater processing facilities during the dry season, but the added sanitary sewage could possibly affect the overall system’s wet weather operations. The increase in sanitary sewage could lead to an increased average combined sewer outflow to the Bay from Project Area B, an issue of concern because the Regional Water Quality Control Board (RWQCB) has designated the portion of the Bay adjacent to Project Area B as an impaired water body. The San Francisco Public Utilities Commission initiated a Clean Water Master Plan in 2004 to develop a long-term strategy to deal with the City’s wastewater and stormwater. As the “Project” is within the expected growth projection for San Francisco, less-than-significant impacts to wastewater treatment capacity are anticipated.

Three groundwater basins underlie Project Area B, and temporary dewatering may be required for specific development projects. This will not substantially affect groundwater resources or water quality. Groundwater is not used or planned as a potable water supply within Project Area B, so impacts to groundwater will be less-than-significant.

#### **g. Geology**

Project Area B is already a developed urban area, and probable future renovation or replacement of existing structures would not change the geological, soil or seismic environment of the area. Project Area B includes multiple seismic hazard zones, and buildings could be exposed to ground shaking, liquefaction and landslides. Because all new development will conform to Uniform Building Code and San Francisco Building Code, possible negative impacts due to these hazards would be reduced to less-than-significant levels. Because the Plan Amendment would replace, improve or otherwise upgrade many of the older buildings in Project Area B, the Plan Amendment would be considered to have a positive impact.

## **h. Cultural Resources**

### **Prehistoric and Historic Resources**

Several documented prehistoric and historic archaeological deposits are located within Project Area B activity nodes. Ground-disturbing activities near these sites could damage or destroy these resources, and similar deposits may be otherwise discovered in the development process. The EIR recommends adopting mitigation measures to ensure the integrity of these cultural resources and reduce impacts to a less-than-significant level.

### **Potentially Historic Structures**

There are several potentially historic structures throughout Project Area B. The infill development emphasis of the Redevelopment Program could expose these structures to potentially damaging circumstances, including demolition, relocation, or substantial alteration to the structure or its immediate surrounding. Protections to historic structures under Article 10 of the Planning Code would apply. The Plan Amendment includes the objective of “Facilitating the preservation, rehabilitation, and seismic retrofitting of historic buildings and other landmarks.”<sup>5</sup> In addition, both the Economic Development and Community Enhancement Programs propose projects and activities to facilitate rehabilitation and preservation of historic structures.<sup>6</sup> These codes, objectives and programs, as well as mitigation measures included in the EIR, would reduce impacts to historic structures to a less-than-significant level.

## **5. Availability of Community Facilities and Services**

The transportation model used in the EIR estimates that implementation of the “Project” would result in a population increase of as many as 20,896 residents, which would account for nearly one-quarter of all projected population gain for San Francisco by 2025.<sup>7</sup> The Plan Amendment is estimated to result in an increase of 12,247 residents. “Project” impacts on community facilities and services are described below.

### **a. Police Service Impacts**

The San Francisco Police Department (SFPD) currently has approximately 100 officers serving at the Bayview Police Station, representing 3.8 officers per 1,000 residents for the Project Area (the citywide rate is 2.9 officers per 1,000 residents). The EIR states that, under the “Project,” increased population and intensiveness of land use could result in more service calls to the SFPD and would therefore require increased crime prevention and policing activities in Project Area B.

To maintain the current service level of police personnel (3.8 officers per 1,000 residents), the SFPD would have to hire 80 additional officers by 2025, assuming full buildout of the “Project.” By comparison, the Plan Amendment’s increase of approximately 3,700 housing units and 12,247 future residents would result in the need for 47 additional officers by 2026 to maintain the current service level.

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<sup>5</sup> Ibid, Section 1.2.1. Section 1.4.6: Rehabilitation, Conservation and Moving of Structures, also pertains to historic preservation.

<sup>6</sup> Ibid, Economic Development Program, Section 3.5.1; Community Enhancement Program, Section 3.6.2.

<sup>7</sup> The EIR transportation model surveyed an area larger than Project Area B; impacts are assumed to be less than those given by the EIR due to the smaller number of housing units and population that would be added as a result of the Plan Amendment. Approximate construction of housing units under the Plan Amendment would include 3,700 new housing units, adding approximately 12,247 new residents.



The Bayview Police Station, built in 1997, would be able to accommodate most of these officers, but some additional facilities might be needed over time. The EIR determines that the increase of 80 additional SFPD personnel and associated facility needs would comprise a less-than-significant impact.

**b. Fire Protection Service Impacts**

The San Francisco Fire Department (SFFD) currently has 29 staff members serving as first responders in Project Area B, or 1.1 personnel for every 1,000 residents. The SFFD has stated that existing services within Project Area B are considered acceptable, and that the service ratio would remain at acceptable levels with the projected population increase due to “Project” implementation (0.6 personnel per 1,000 residents). To maintain current levels of service, the Fire Department would need 23 additional personnel by 2025 under “Project” assumptions, and 13 new personnel under Plan Amendment growth assumptions. The SFFD has stated that development under the Plan Amendment could cause response delays due to traffic concerns and added call volume. Based on these assumptions, the SFFD anticipates a need for another ambulance and possibly another engine company in Project Area B. The EIR determines that this would constitute a less-than-significant impact. Project implementation may also help facilitate fire protection through removal of substandard or dangerous structures and revitalization of the area.

**c. Public Library and Community Facilities Impacts**

The San Francisco Public Library operates the Bayview/Ann E. Waden branch at 5075 Third Street in Project Area B. The building will receive funding from 2000 Proposition A to make the building more accessible and bring it up to code. Additionally, the Southeast Community Facility is a multi-tenant community center serving the needs of the Bayview and the southeast sector of the City through educational programs, employment assistance, daycare, community information and other resources. The addition of a possible 20,896 new residents under the “Project” would intensify the demand for library services and community facilities in the Project Area. However, the planned upgrade and San Francisco Public Library Strategic Planning measures would ease impacts from increased population. Added demand would be substantially less with the anticipated population growth of 12,247 under the Plan Amendment. Additionally, increased revenues would help to maintain and improve public library facilities. Library impacts would be considered less-than-significant.

**d. Public Parks Impacts**

Bayview Hunters Point is within San Francisco Parks District 10, which has 22 parks with 128.16 acres (4.88 acres per 1,000 residents). The citywide ratio of parks to population is 5.5 acres per 1,000 residents. Project Area B includes a small number of park facilities and Candlestick Point State Recreation Area.

San Francisco’s Planning Code does not have a citywide standard for parks and open space, but the City’s Sustainability Plan calls for 5.5 acres per 1,000 residents. Increased population would be assumed to intensify the demand for park services and facilities. The Framework Open Space Program and the Bayview Connections Urban Open Space Project (part of the Muni LRT construction) would mitigate adverse impacts resulting from increased population in Project Area B. Tax Increment resources would be used to fund the Framework Open Space Program. Parks-related impacts are determined to be less-than-significant.

### **e. Water Supply Impacts**

The San Francisco Public Utility Commission anticipates only a slight increase in citywide water usage by 2020. The addition of 20,896 residents and 2.4 million square feet of mixed uses under the “Project” would generate an estimated 1.44 million gallons per day above current water utilization. “Project” population growth is within expected growth projections for the City, so less-than-significant impacts are anticipated. Impacts from the Plan Amendment would be fewer still.

### **f. Solid Waste Impacts**

San Francisco is currently aiming to divert 75 percent of solid waste from the waste stream by 2010. The City diverted 63 percent of waste in 2002, an 11 percent increase from 2001. The ambitious waste diversion program will mitigate increases in solid waste volume that would result from increased population in Project Area B. The “Project” will generate an additional 49,221 pounds of solid waste per year above current levels. Solid waste impacts resulting from the “Project” will be less-than-significant due to increases in solid waste recycling and the 2005 Altamont Landfill expansion.

## **6. Effect on School Population and Quality of Education**

The San Francisco Unified School District (SFUSD) is currently not a growth district. The District operates five elementary schools (one is K-8), one middle school, one charter middle school and one high school in the Bayview Hunters Point community. Enrollment at the elementary level is close to the recommended capacity of students without temporary classrooms district-wide, but 21<sup>st</sup> Century Academy, located in the Bayview area, is currently over capacity. The majority of excess capacity in the district is currently at the middle school level, with 67 percent excess capacity in Bayview middle schools. District high schools are operating near capacity, as is the Thurgood Marshall High School in the Bayview area.

The EIR states that 1,248 students could potentially be added under the “Project” (based on an estimated 6,146 new housing units and current per household student generation rates). This addition would surpass the current capacity of schools in the EIR study area. The SFUSD anticipates that the student population will continue to decrease district-wide over the next ten years, and new or expanded school facilities are not expected to be required. School services impacts are anticipated to be less-than-significant within the Study Area. The Plan Amendment, by comparison, would generate approximately 751 new students and impacts would be less-than-significant.

## **7. Property Assessment and Taxes**

The proposed Plan Amendment will not cause the property taxes paid by owners to increase. In general, taxable valuations of property within and adjoining Project Area B should increase as development of that property occurs. New development within Project Area B will be assessed at market value, as determined by the assessor. Regardless of whether property is in Project Area B or not, the assessor may increase property valuations for existing properties at the maximum rate of two percent per year allowed under Proposition 13. In cases where property changes hands, the assessor will reassess the added value to property and improvements due to any new development or rehabilitation that occurs.

## **Taxing Entities Affected**

The following entities would be affected by a change in the taxation status within Project Area B:

- San Francisco Community College District,
- Bay Area Air Quality Management District,
- San Francisco Unified School District,
- Bay Area Rapid Transit District, and
- City and County of San Francisco.

As discussed in Chapter VII, if the Plan Amendment is adopted, all of the entities that levy taxes in the Project Area will continue to receive all property tax revenues derived from the relevant frozen base in the Project Area. For the duration of the tax increment collection period, the taxing entities will also receive pass through payments, (i.e., a portion of the property tax revenues generated from the increases in assessed value over the frozen base). When a redevelopment project is completed and loans or other indebtedness have been repaid, all property taxes flow back to the respective taxing entities. These taxing entities will benefit from increases in property tax revenues resulting from a revitalized and redeveloped project area. In many communities, such increases are substantial.

## **8. Other Factors Affecting Physical and Social Quality of Neighborhoods**

### **a. Air Quality**

Added population resulting from the Redevelopment Program will generate more traffic trips, however the San Francisco Transportation Authority estimates that the increase in vehicle miles traveled are lower in the future than the rate of population growth due to public transportation patterns in the City. The Plan Amendment would have to conform to the San Francisco General Plan, which is consistent with the 2000 Clean Air Plan of the Bay Area Air Quality Management District (BAAQMD). Therefore, air quality impacts from added population and resulting transportation patterns in the Project Area will be less-than-significant.

Air quality can be impaired through demolition and construction activity. However, the Plan Amendment will follow BAAQMD and CEQA Guidelines to reduce any temporary construction air quality impacts to less-than-significant levels. The EIR recommends adoption of mitigation measures to decrease any such impacts.

### **b. Noise**

Several specific noise impacts are of concern for neighborhoods. Construction-related noise will be temporary and specific to a particular development site, and would comply with the San Francisco Noise Ordinance, which prohibits construction work between 8 p.m. and 7 a.m. Construction-related noise would be a less-than-significant impact. New development may include electrical and mechanical equipment, primarily located on rooftops. This added noise would constitute a less-than-significant increase in ambient noise levels. Project-related traffic may add more cars to Project Area B roadways, resulting in increased traffic noise. The EIR estimates that this added noise would increase less than the 5 decibel threshold above ambient noise levels, and would therefore constitute a less-than-significant impact. Further, the Enhanced Truck Route Program will designate truck routes diverting truck traffic away from residential neighborhoods, which will likely result in an improved noise setting in the Project Area B.

### **c. Urban Design and Visual Quality**

Most of Project Area B consists of a man-made environment on gently sloped areas, characterized by heterogeneous neighborhoods and large pockets of industrial and manufacturing activity. The Plan Amendment would have a positive impact on the urban environment, with streetscape improvements, open space additions, infill development, façade improvement, renovation of existing structures and added greenery. New lighting that would result from the new mall in the Candlestick Point activity node would be a new, ongoing source of light. The EIR identifies a mitigation measure that will reduce the lighting impact to a less-than-significant level. The proposed Stadium Development Retail/Entertainment Center would result in a visual impact on short-range views due to the allowed mass and height of the structure. The stadium would also obstruct scenic views of the bay looking southeast along Gilman Street. The EIR finds the visual obstruction to be a significant, unavoidable impact resulting from development in the Candlestick Point activity node. The proposed Stadium Development Retail/Entertainment Center would undergo a separate environmental impact report process prior to construction that would address urban design issues specifically for that project. The EIR determines all other urban design and visual impacts to be limited and less-than-significant.

### **d. Shadow and Wind**

New development would be subject to Planning Code requirements, including shadow studies to determine potential effects on open space and sidewalks, in order to avoid substantial adverse shadow effects on open space in Project Area B and vicinity. Buildings over 100 feet could be planned for the Candlestick Point activity node; however, design information is not yet available for specific developments, so no conclusions about wind or shadow effects are drawn at this time. The proposed Stadium Development Retail/Entertainment Center would undergo a separate environmental impact report process prior to construction that would address shadow and wind issues specifically for that project. As structures in Project Area B would be built according to the Planning Code for shadows and evaluated for wind effects, no significant impact would be anticipated with implementation of the Plan Amendment.

Overall, the Plan Amendment will have a beneficial impact upon the residents, property owners and businesses in Project Area B. Rehabilitating and preserving the residential neighborhoods, alleviating blighting conditions and removing barriers to development will accomplish this. Implementation of the Plan Amendment will bring about coordinated growth and development, making Project Area B more attractive, which in turn should stimulate reinvestment. More importantly, the Plan Amendment will eliminate blighting influences, which deter and negatively impact the Project Area as a whole.

## **C. Relocation and Low and Moderate Income Housing**

### **1. Housing Units to be Destroyed or Removed**

The Agency does not anticipate undertaking activities or providing assistance to activities that will result in the displacement of occupants. The Plan Amendment includes many restrictions and limitations on the use of eminent domain, including a prohibition on the use of eminent domain to acquire residentially zoned (“R”) property in Project Area B. Furthermore, any use of eminent domain in Project Area B would occur only after specific conditions and negotiation procedures were met, as outlined in the Plan Amendment Sections 1.4.5 and in California state law. As discussed in Section A.1 above, the Plan Amendment includes many specific restrictions and limitations on the use of eminent domain.

Should future Agency activities result in the removal of dwelling units occupied by person or families of low and moderate incomes from voluntary acquisition or through eminent domain, the Agency will be required to construct, develop or rehabilitate, or cause the construction, development or rehabilitation of, low and moderate income dwelling units. Each replacement unit must include at least the same number of bedrooms as the units that were removed. However the units may be replaced with fewer units if an equal or greater number of bedrooms are provided.

For example, four two bedroom units may be replaced with two four bedroom units. These replacement housing units must be constructed within four years of the destruction or removal of the original unit, must be of the same size (number of bedrooms) or larger and must be available at affordable housing cost to, and occupied by, persons in the same or a lower income category (very low, low or moderate) as the persons displaced from those destroyed or removed units. The units must remain affordable for the longest feasible time, but not less than 55 years for rental units and 45 years for owner-occupied units, as set forth in the CRL Section 33334.3.

Removal or replacement of housing and the use of eminent domain would be subject to review by the Project Area Committee. The Plan Amendment specifies that it will seek a recommendation from the PAC or appointed citizens advisory committee prior to using eminent domain.<sup>8</sup> The PAC will remain in effect for 12 years or as long as the Agency retains the power of eminent domain. The Agency will also consult with and seek the advice of the PAC on policies and programs designed to implement the Redevelopment Plan.<sup>9</sup>

## **2. Displacement**

The Agency does not anticipate undertaking activities or providing assistance to activities that will result in the displacement of occupants. If Agency acquisition or redevelopment of property with Agency assistance were to result in displacement of occupants, the Agency will comply with applicable relocation requirements.

The Agency may acquire property in Project Area B for the purpose of effecting redevelopment; however, the Relocation Plan includes a provision that “the Agency does not anticipate acquisition of property with existing occupants in Project Area B.”<sup>10</sup> Furthermore, Section 1.4.5 of the Plan Amendment prohibits the use of eminent domain authority over property in Project Area B that is residentially zoned (“R” zone) property, as defined by the Planning Code. (Eminent domain authority has expired in Project Area A.)

## **3. Number and Location of Replacement Housing Units**

The Plan Amendment is designed to encourage new development and rehabilitation to address the existing conditions in Project Area B. The Plan Amendment would allow for an estimated 3,700 units to be built in Project Area B, distributed across five of the seven activity nodes. Under the rezoning process accompanying the Plan Amendment, two activity nodes will retain industrial uses, preserving the City’s light industrial zones.

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<sup>8</sup> Refer above to Section A.1 for a summary of eminent domain limitations and restrictions.

<sup>9</sup> Draft Redevelopment Plan, February 27, 2006, Section 1.4.5.

<sup>10</sup> Draft Relocation Plan, Bayview Hunters Point Redevelopment Project, Redevelopment Agency of the City and County of San Francisco, February 26, 2006, page 1.

The Agency does not have specific plans for development sites at this time; however, the estimated 3,700 Project Area B housing units are anticipated to be distributed as follows: Health Center-1,200, Northern Gateway-750, Hunters Point Shoreline-700, South Basin-600, Town Center-450. Additional housing development would be expected at sites within Bayview Hunters Point and the surrounding area, but outside Project Area B.

The San Francisco Housing Authority (SFHA) operates four sites within the Project Area, which may be locations for renovation efforts. The SFHA, as a public housing agency, will not be subject to the Plan Amendment, but must comply with the Planning Code. Additionally, the Agency may not acquire land owned by the SFHA. If the SFHA were to cause displacement as a result of any renovation of its developments, it would meet its relocation requirements as mandated by law. The SFHA would retain full ownership and management responsibility for these sites.

If the Agency were to assist in development that would result in removal of housing units, the Agency would require the developer to provide relocation benefits. If the Agency were to undertake any activities requiring or causing the destruction or removal of housing units from the low and moderate income housing market, the Agency would provide replacement housing, before the destruction or removal of the housing units, pursuant to Section 33413 of the CRL and develop a replacement housing plan pursuant to Section 33413.5.

#### **4. Number and Location of Low and Moderate Income Housing Units Planned Other than Replacement Housing**

The Plan Amendment includes an affordable housing program for the creation of affordable housing on infill and other opportunity sites in Project Area B. Specific actions for implementation of the affordable housing program will be in accordance with the Housing Element of the City's General Plan and with the Consolidated Housing Plan. The affordable housing program will include various housing types ranging from studio to multi-bedroom housing, both rental and ownership.

The Agency may dedicate citywide affordable housing funds to the production of affordable housing in the Project Area. The affordable housing program will guide the Agency's affordable housing efforts. According to the Section 3.4.2 of the Plan Amendment, at least 25 percent of all new and substantially renovated units that would be developed within Project Area B would be available to, and occupied by, persons and families of extremely low-, very-low, low- or moderate-income for affordable rates. Of this 25 percent, 40 percent (or 10 percent of the total) would be affordable to, and occupied by, households of extremely low or very low income. Because area median income (AMI) in the Bayview is lower than the citywide median, the affordability target will be set at 50 percent of AMI for rental housing and 100 percent of AMI for affordable owner-occupied housing, with a goal of achieving an average of 80 percent AMI for owner-occupied units.

The Agency has already begun sponsoring a Model Block Program, which addresses repair and improvement of single-family homes in Project Area B on a block-by-block basis.

## **5. Financing Method for Replacement Housing Requirements**

The Agency is not obligated to provide replacement housing for projects developed solely by the private sector. If the Agency were to provide financial assistance to a project that resulted in the removal of housing units, the Agency will employ, as necessary, the method outlined in this Report to meet relocation and replacement housing requirements and other obligations under the CRL. The Agency shall, over the term of the 45 year tax increment collection period, use no less than 50 percent of the tax increment available for the Redevelopment Program for the purposes of increasing, improving and preserving the City's supply of housing for persons and families of extremely low, very low, low or moderate income.<sup>11</sup> This source of funding would also be utilized for replacement housing should the Agency be required to create such housing.

## **6. Timetable for Provision of Relocation and Replacement Housing**

Relocation and replacement housing have not been identified as a specific project to implement the Plan Amendment because the Agency does not anticipate acquiring any property or removing any housing in the Project Area that has existing occupants. However, if relocation or replacement housing were necessary, the Agency would provide relocation and replacement housing pursuant to Section 33410 through 33418 of the CRL. This would include taking the necessary steps to cause the construction, rehabilitation, development and availability of such housing in accordance with the time limits prescribed by law.

The relocation and replacement housing plan(s) prepared by the Agency for a particular development activity would contain schedules to ensure housing is available in accordance with the requirements of the CRL and the State Relocation Guidelines.

## **D. Summary**

The Plan Amendment has been created by the Agency in conjunction with the PAC through its collaboration on the Concept Plan, the Framework Housing Program and meetings with the PAC and members of the Bayview Hunters Point community. The objectives and programs of the Plan Amendment are designed to stimulate revitalization in Project Area B and guide future development. The Plan Amendment places special emphasis on blight elimination, housing retention, improved transportation access, infill development and strengthening the economic base. Significant tax increment resources will be devoted to affordable housing and to the provision and maintenance of public open space.

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<sup>11</sup> Tax increment revenue available for the Agency's Redevelopment Program is the amount of tax increment funds allocated by the Mayor and Board of Supervisors to the Agency for its redevelopment activities. It includes the CRL-required 20 percent housing set-aside and is net of pass-through payments to affected taxing entities and Agency administration costs.

## **XVII. Necessity for Redevelopment**

### **A. Introduction**

This chapter summarizes the extent of physical and economic conditions in Project Area B and explains why private enterprise and governmental action, working alone or together, cannot reasonably be expected to reverse the blighting conditions without redevelopment. The Agency will continue its redevelopment efforts in Project Area A, which can be completed within the existing fiscal and time limits for Project Area A and with tax increment generated by Project Area A.

### **B. Extent of Physical and Economic Blighting Conditions**

The physical and economic blighting conditions in Project Area B are so prevalent and substantial that they cannot reasonably be expected to be reversed without redevelopment assistance. The documentation of physical and economic blighting conditions in Chapter IV and Chapter V, the building conditions of the SFHA properties described in Appendix E, and the photographs contained in Appendix C demonstrate that substantial blight is prevalent throughout Project Area B.

A substantial number of unsafe and/or unhealthy buildings are located within Project Area B, including the SFHA housing developments and Candlestick stadium. Several factors inhibit the proper use of buildings and lots, such as earthquake hazards and poor soil conditions; limited accessibility to and within Project Area B; the presence of trash, dumping and homeless encampments; and the presence of odor, noise and standing water. Neighboring incompatible uses are problematic in several areas and discourage investment. Substandard public improvements including sidewalk, curbing and street deficiencies plague portions of Project Area B. Furthermore, numerous public facilities are deficient and the current amount of parks and open space is insufficient for residents of Project Area B.

Several adverse economic conditions cause a reduction of, or lack of, proper use of Project Area B, including impaired investments such as the poor economic performance of retail businesses, the inability of industrial space to meet current user demands, and the presence of potentially hazardous or toxic materials. Other factors include economic indicators of distressed buildings or lots, including vacant and underutilized lots and buildings as well as low retail and industrial lease rates. Project Area B is also negatively impacted by residential overcrowding, an excess of bars, liquor stores and other businesses catering exclusively to adults, and a high crime rate.

As further described in Section C below, these blighting conditions have caused a reduction of, or lack of, proper utilization of Project Area B and constitute a serious physical and economic burden on the community that cannot be reversed or alleviated without the assistance of Agency through the authority of the CRL.



## **C. Significant Burden on the Community**

Chapters IV and V documented that blighting conditions are a burden on the community and Project Area B properties are not being used to the same potential as properties in other parts of the City. The reduction of, or lack of, proper utilization of Project Area B constitutes a serious physical and economic burden on the community in at least the following respects:

- Deprives residents of San Francisco and surrounding areas of employment opportunities;
- Prevents adequate supply of affordable and other housing;
- Deprives property and business owners of a competitive return on their investments;
- Hinders the enhancement of the physical environment;
- Prevents proper usefulness and development of land;
- Deprives the City, the County, the education districts, and other affected taxing entities of an expanding tax base; and
- Hinders the development of a stronger economic base for the community.

## **D. Inability of Private Enterprise or Government to Alleviate Blight**

### **1. Limitations of Private Enterprise**

Without redevelopment, many of the program costs would have to be borne solely by the private sector. Chapter VII presents a discussion of possible sources of private sector funds for redevelopment. By themselves, these sources would not be able to provide the resources necessary to eliminate blighting conditions and revitalize the area.

The private sector's ability to alleviate blight is limited by the following factors:

- The remediation of parcels contaminated with toxic or hazardous waste is costly and a financial disincentive to reinvestment or development.
- The high crime rate is a deterrent to business located and locating in the area.
- Inadequate infrastructure such as sidewalk, curbing and street deficiencies hinders private sector development.
- The industrial portions of Project Area B, characterized by older buildings that no longer meet user demand for industrial space, limit a private investor's ability to construct and invest in properties while achieving a reasonable rate of return.
- The cost of seismic upgrades and code compliance relative to homeowner incomes, especially fixed income households, is prohibitive.
- The general poor condition of retail areas on Third Street, serious façade deficiencies, elevated crime rates, and high vacancy rates deter businesses from locating or starting up in the commercial corridor.

## **2. Limitations of Other Governmental Action**

Alleviating blighting conditions in Project Area B is not feasible by governmental action alone because governmental action is limited by the lack of a reliable flow of federal, state or local financial resources available to fund a comprehensive revitalization program, as discussed in Chapter VII. Federal funding sources have become increasingly limited and in recent years, the State and the City have both had to close budget gaps.

Redevelopment assistance in the form of tax increment revenue is the last-resort gap filler that is essential to fund the alleviation of blighting conditions and an effective revitalization effort for Project Area B. As described in Chapter VII, all other feasible sources of non-tax increment revenue will be applied toward Redevelopment Program costs. However, the costs of alleviating blighting conditions in Project Area B are significant, and the projects and activities of the Redevelopment Program could not be undertaken without redevelopment assistance.

## **E. Reasons Why Tax Increment Financing Is Necessary**

Redevelopment is a necessary financing tool that will be used to support the Redevelopment Program costs as described in Chapter VI of this Report. Chapter VII demonstrates the general economic feasibility of the Amended Redevelopment Project and the reason for including the provision for the division of taxes pursuant to Section 33670 in the Redevelopment Plan, as required by the CRL.

As discussed in Chapter VII, the costs of alleviating documented blighting conditions substantially exceed available funding from public and private sources. Tax increment financing is the only source available to fill the substantial gap between the costs of the Redevelopment Program and other public and private revenue sources.

Without redevelopment assistance, neither the private sector alone, the public sector alone, nor the private and public sectors working together, can financially support the substantial costs of the Redevelopment Program. Because these projects and activities are critical to the revitalization of Project Area B, tax increment financing is needed to assist in funding these projects. Tax increment financing will be the critical funding source that the Agency will use to implement the Redevelopment Program.

# XVIII. Supplementary Report

## A. Introduction

The Agency intends to use a different fiscal year for the Project Area B base assessed value than the one it had originally planned to use. In 2004, the Agency notified the State Board of Equalization, county officials and affected taxing entities of its intent to use FY 2004/05 assessed value as the base value for Project Area B. However, the Agency was not able to achieve this base year and now proposes to use FY 2005/06 as the base year. The CRL requires agencies using a different equalized assessment roll than the one originally intended to analyze the effect of the use of the different rolls. An agency must include the analysis in a supplementary report or in the report to the legislative body. The Agency has incorporated the required information in the supplementary report into this Report on the Plan Amendment, which will be transmitted to the affected taxing entities at least 14 days prior the public hearing of the Plan Amendment by the Board of Supervisors in accordance with CRL.

## B. CRL Requirement

CRL Section 33328.5 describes the requirements related to a change in the base year:

- (a) If a redevelopment agency proposes to use the equalized assessment roll for the year following the equalized assessment roll which the redevelopment agency advised it would use pursuant to Section 33328, the redevelopment agency shall, prior to the adoption of the redevelopment plan using that different equalized assessment roll, either notify the county officials, taxing agencies, and the State Board of Equalization of the change in the equalized assessment roll that it proposes to use for the allocation of taxes pursuant to Section 33670 or prepare a report containing the information specified in subdivisions (a), (b), (c), (d), (e), and (f) of Section 33328.*
- (b) Upon receipt of a notice pursuant to subdivision (a), the county officials charged with the responsibility of allocating taxes under Section 33670 and 33670.5 shall prepare and deliver to the redevelopment agency a report containing the information specified in subdivisions (a), (b), (c), (d), (e), and (f) of Section 33328. The report shall be prepared and delivered within the time periods specified in Section 33328 for reports prepared pursuant to that section. If a redevelopment agency gives the notice specified in subdivision (a), the redevelopment plan specified in the notice shall not be adopted until the time period for delivery of the report has expired.*
- (c) At least 14 days prior to the public hearing on the redevelopment plan for which the redevelopment agency proposes to use a different equalized assessment roll, the redevelopment agency shall prepare and deliver to each taxing agency a supplementary report analyzing the effect of the use of the different equalized assessment roll which shall include those subjects required by subdivisions (b), (e), and (n) of Section 33352. In lieu of a supplementary report, a redevelopment agency may include in the report required to be prepared pursuant to Section 33352, the information required to be included in the supplementary report.*

- (d) *A redevelopment agency shall not be required to prepare a subsequent preliminary report specified in Section 33344.5, unless the report prepared pursuant to subdivision (b) states that the total assessed value in the project area is less than the total assessed value in the project area contained in the original report prepared pursuant to Section 33328, in which case a new preliminary report shall be prepared.*
- (e) *The use of a different assessment roll pursuant to this section shall meet the requirements of Section 16 of Article XVI of the California Constitution.*
- (f) *This section shall only apply to redevelopment plans adopted on or after January 1, 1993. The Legislature finds and declares that the enactment of this section shall not be deemed to invalidate or limit the adoption of redevelopment plans pursuant to a different procedure prior to January 1, 1993.*

## **C. Effect of the Change in Base Year**

In December 2005 and January 2006, the Agency notified the county officials, taxing agencies and State Board of Equalization of the change in the base year in accordance with CRL Section 33328.5. In response, the County Auditor prepared the County Fiscal Officer's Report, which was transmitted to the Agency on February 21, 2006.

The Preliminary Report, which was distributed on December 21, 2005, included FY 2005/06 as the base year. However, because the Agency did not have the FY 2005/06 assessed valuation information available at that time, the Preliminary Report tax increment projections used as the base year assessed value the FY 2004/05 assessed value included in the December 9, 2004 County Fiscal Officer's Report. The tax increment projections in this Report on the Plan Amendment use the FY 2005/06 assessed value as the base value, as included in the February 21, 2006 County Fiscal Officer's Report.

The base value of Project Area B in FY 2004/05 was \$1,107,567,860. The total assessed value of Project Area B in FY 2005/06 is \$1,165,228,645. Since the base year value did not decline from FY 2004/05 to FY 2005/06, the Agency is not required to revise the financial feasibility analysis contained in the Preliminary Report.

The analysis below summarizes the effect of the change in base year assessment roll from FY 2004/05 to FY 2005/06 on Subdivisions (b), (e), and (n) of CRL Section 33352, which are as follows:

- Subdivision (b): description of physical and economic conditions in Project Area B that causes it to be blighted, contained in Chapters IV and V;
- Subdivision (e): proposed method of financing Project Area B, included as Chapter VII; and
- Subdivision (n): analysis of the base year report and summary of consultations with affected taxing agencies, included in Chapters XIV and XV.

## **1. Effect of the Change in Base Year on Blighting Conditions**

The blight documentation required by CRL Section 33352(b) is not altered by the change in base year. The base year value increased from FY 2004/05 to FY 2005/06. However, the documentation of physical and economic blight within Project Area B is not affected as a result of the change in base year from FY 2004/05 to FY 2005/06 because depreciated or stagnant assessed valuation was not a factor of blight documented in the Preliminary Report. The elimination of blighting conditions will occur through the implementation of the Redevelopment Program's projects and activities (as presented in Chapter VI), which are basically the same projects and activities presented in the Preliminary Report. (A few activities have been added to reflect the EIR findings.)

## **2. Effect of the Change in Base Year on the Proposed Method of Financing**

The method of financing and economic feasibility of the Plan Amendment, as required by CRL 33352(e) and presented in Chapter VII, will not be negatively affected as a result of the change in base year from FY 2004/05 to FY 2005/06.

The projected development that was contemplated in the Preliminary Report remains the same in the Report on the Plan Amendment, except for the removal of commercial and industrial development planned for the Hunters Point Shoreline activity node. The Agency modified Project Area B boundary to exclude from Project Area B the portion of the Hunters Point Shoreline activity node that lies within the India Basin Special Use District. Thus, this change in the development assumptions results from the modification to Project Area B boundary, not from the change in base year.

The tax increment projections are over a 45-year period, and given the expected fluctuation in the economy, the change in base year value is not expected to result in a measurable change over the life of the Plan Amendment.

## **3. Effect of the Change in Base Year on the Analysis of the Base Year Report and Summary of Consultations with Affected Taxing Agencies**

The analysis of the County Fiscal Officer's Report for the FY 2005/06 base year as required by CRL Section 33352(n) is presented in Chapter XIV. The following analysis primarily addresses the effects of the change in base year from FY 2004/05 to FY 2005/06 on the County Fiscal Officer's Report and impacts upon the affected taxing entities, and any additional consultations that have taken place as a result of the change in base year.

### **a. Effect of the Change in Base Year on the Analysis of the Base Year Report**

This analysis corresponds to the components of the County Fiscal Officer's Report as required by CRL Section 33328.

#### Total Assessed Valuation

The total assessed FY 2005/06 base year value for Project Area B is \$1,165,228,645 compared to \$1,107,567,860 in FY 2004/05.

The State Board of Equalization (SBE) Utility Roll valuation decreased to \$2,338,751 in FY 2005/06 compared to \$9,663,635 in FY 2004/05, primarily due to the exclusion of a portion of the Hunters Point Shoreline area, which contained the PG&E power plant. Again, this modification is not related to the change in base year.

Identification of Affected Taxing Agencies

The County Fiscal Officer's Report prepared for the FY 2005/06 base year identified the same taxing agencies receiving ad valorem property tax revenues from Project Area B as the previously prepared FY 2004/05 County Fiscal Officer's Report. The affected taxing agencies are:

- City and County of San Francisco
- San Francisco Community College District Fund
- San Francisco Unified School District (SFUSD) General Fund
- Bay Area Air Quality Management District
- Bay Area Rapid Transit District General Fund

The County Fiscal Officer's Report also identified the Educational Revenue Augmentation Fund (ERAF). The ERAF is not a taxing entity, but a fund to which the City and County of San Francisco must contribute.

Amount of Taxes Derived by the Taxing Agencies from Project Area B

Based upon the changes to the affected taxing entities distribution of property taxes as shown in the Table XVIII-1 below, the effect of the change in base year is minimal. The respective taxing entities will continue to receive their base year property tax revenues over the life of the Plan Amendment, in addition to statutory pass through allocations required under CRL Section 33607.5. The property tax revenue to the City and County of San Francisco decreased by \$661,065 from FY 2004/05 to FY 2005/06. However, the decrease is not a result of the change in base year. It is related to ERAF contribution modifications under consideration in December 2004, when the County Fiscal Officer's Report was prepared.<sup>1</sup>

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<sup>1</sup> In FY 2004/05, the Office of the Controller estimated that the City's contribution to the Educational Revenue Augmentation Fund (ERAF) from Project Area B was 15.1 percent, and then modified this contribution to 25.3 percent in FY 2005/06.

**Table XVIII-1**  
**Effect of the Change in Base Year on Amount of Taxes**  
**Derived by the Taxing Agencies from Project Area B**  
**Hunters Point Redevelopment Plan Amendment**

Taxing Agency	Property Tax Revenues from Project Area B <sup>a</sup> FY 2004/05 Base Year	Property Tax Revenues from Project Area B <sup>a</sup> FY 2005/06 Base Year	Change in Property Tax Revenues
City/County SF	\$8,153,163	\$7,537,344	-\$615,819
ERAF	<u>\$1,816,680</u>	<u>\$3,025,241</u>	<u>\$1,208,561</u>
<b>Subtotal</b>	<b>\$9,969,843</b>	<b>\$10,562,585</b>	<b>\$592,742</b>
SF Community College	\$159,529	\$168,308	\$8,779
SFUSD	\$852,701	\$897,093	\$44,392
Bay Area Air Quality	\$23,098	\$24,300	\$1,202
Bay Area Rapid Transit	\$70,057	\$73,704	\$3,647
<b>Added Area Total</b>	<b>\$11,075,228</b>	<b>\$11,752,990</b>	<b>\$650,762</b>

a. Includes 1% tax distribution for secured and unsecured rolls, does not include amounts for debt service.

Source: FY 2004/05 and FY 2005/06 County Fiscal Officer's Report.

**b. Total Amount of Taxes to Be Derived by the Taxing Agencies Inside and Outside of Project Area B**

The revenues proposed to be generated from Project Area B represent one percent (0.97 percent) of the total revenues collected by each of the taxing agencies for both the FY 2004/05 and FY 2005/06 County Fiscal Officer's Report. Therefore, the change in the base year will have little impact on each of the taxing entities, as Project Area B's revenues as a percentage of the total revenues remain the same. The respective taxing entities will continue to receive the base year property tax revenues over the 45 year tax increment collection period, in addition to statutory pass through allocations required under CRL Section 33607.5.

**c. Estimated First Year Taxes to be Derived from Project Area B Available to the Redevelopment Agency by Taxing Agency**

Based upon the information contained within the FY 2004/05 and FY 2005/06 County Fiscal Officer's Reports, the estimated first year property taxes available to the Agency are zero dollars. Because the FY 2005/06 base value has increased over the FY 2004/05 base value, the property taxes generated by Project Area B's FY 2005/06 base value will likely be more than what would have been generated by the FY 2004/05 base value.

**d. The Assessed Valuation of Project Area B from the Preceding Year**

The assessed valuation of Project Area B for FY 2004/05 was \$1,097,203,248. The assessed valuation for FY 2003/04 (the preceding year for FY 2004/05 base year) was \$1,015,074,739 (this amount does not include SBE Assessed property).

#### **4. Effect on the Summary of Consultations with Affected Taxing Agencies**

The Agency notified the county officials and taxing entities of the change in base year in its December 21, 2005 letter transmitting the Preliminary Report. This letter included notifications of the change in base year. On January 25, 2006, the Agency sent written notification to the taxing agencies notifying them of the January 31, 2006 consultation on the Plan Amendment and the Preliminary Report. The Agency called each taxing entity to remind them of the meeting. Please refer to Chapter XV for further information on taxing entity consultations.